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 2021

FINANCIAL HIGHLIGHTS

- Revenue of US$12.5 million was recorded for the year ended 31 March 2021, with 2% increment as compared to US$12.2 million for the year ended 31 March 2020.
- Operating profit reached US$3.6 million for the year ended 31 March 2021, comparing with the operating loss made of US$3.1 million for the year ended 31 March 2020.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA)[#] decreased from US$6.7 million for the year ended 31 March 2020 to US$4.5 million for the year ended 31 March 2021.
- Loss attributable to owners of the Company substantially reduced from US$10.2 million for the year ended 31 March 2020 to US$3.3 million for the year ended 31 March 2021.
- The basic and diluted loss per share declined from US1.07 cents for the year ended 31 March 2020 to US0.34 cents for the year ended 31 March 2021.

\# *Excluding reversal of impairment losses/impairment losses*

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 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	**2021** *US$'000*	2020 *US$'000*
Revenue	3(a)	**12,454**	12,225
Cost of services	5	**(11,307)**	(10,426)
Gross profit		**1,147**	1,799
Other gains	4	**2,215**	3,962
Other income		**77**	17
General and administrative expenses	5	**(2,332)**	(2,580)
Reversal of impairment losses/(impairment losses) on property, plant and equipment		**2,447**	(6,320)
Operating profit/(loss)		**3,554**	(3,122)
Finance income	6	**—**	1
Finance costs	6	**(5,961)**	(5,864)
Finance costs — net		**(5,961)**	(5,863)
Loss before income tax		**(2,407)**	(8,985)
Income tax expense	7	**(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)

	Note	**2021**	2020
		US$'000	*US$'000*
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	8(a)	**(US0.34 cents)**	(US1.07 cents)
— Diluted loss per share	8(b)	**(US0.34 cents)**	(US1.07 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	**2021**	2020
		US$'000	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**52,126**	50,197
Investment properties		**73,806**	66,336
Pledged deposit	10	**500**	500
Pledged bank deposits		**1,472**	2,144
		127,904	119,177
Current assets			
Trade receivables, deposits, prepayments and other receivables	10	**2,393**	3,235
Pledged bank deposits		**515**	913
Cash and cash equivalents		**218**	266
		3,126	4,414
Total assets		**131,030**	123,591
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,221**	1,221
Reserves		**19,616**	19,644
		20,837	20,865
Non-controlling interest		**4,463**	4,019
Total equity		**25,300**	24,884

	Note	**2021**	2020
		US$'000	*US$'000*
LIABILITIES			
Non-current liabilities			
Borrowings and loans	11	**20,459**	16,987
Convertible bonds	12	**—**	48,347
Deferred income tax liabilities		**17,621**	15,814
		38,080	81,148
Current liabilities			
Other payables and accruals		**7,487**	7,455
Borrowings and loans	11	**7,008**	10,104
Convertible bonds	12	**53,154**	—
Tax payables		**1**	—
		67,650	17,559
Total liabilities		**105,730**	98,707
Total equity and liabilities		**131,030**	123,591

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

3 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.

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 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

3 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 OTHER GAINS

	2021	2020
	US$'000	*US$'000*
Fair value gains on investment properties	**2,215**	3,962

5 EXPENSES BY NATURE

Loss before income tax is stated after charging the following:

	2021	2020
	US$'000	*US$'000*
Depreciation of property, plant and equipment	**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)	**1,321**	1,397

6 FINANCE COSTS — NET

	2021	2020
	US$'000	*US$'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	**4,807**	4,372
	5,961	5,864
Finance costs — net	**5,961**	5,863

7 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	2020
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**6**	—
Under provision in prior years		
— Hong Kong profits tax	**165**	—
Deferred income tax	**554**	991
Income tax expense	**725**	991

8 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	2020
	US$'000	*US$'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.

9 DIVIDENDS

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

10 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
	US$'000	*US$'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

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	2020
	US$'000	*US$'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.

11 BORROWINGS AND LOANS

	2021	2020
	US$'000	*US$'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 HKSAR 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 and Ms. Lam and the Government of HKSAR (31 March 2020: nil).

11 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	2020	**2021**	2020	**2021**	2020
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'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

12 CONVERTIBLE BONDS

	2021	2020
	US$'000	*US$'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	**Total**
	US$'000	*US$'000*
As at 1 April 2019	43,975	43,975
Interest expense *(Note 6)*	4,372	4,372
At 31 March 2020	48,347	48,347
As at 1 April 2020	48,347	48,347
Interest expense *(Note 6)*	4,807	4,807
At 31 March 2021	**53,154**	**53,154**

12 CONVERTIBLE BONDS (CONTINUED)

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.

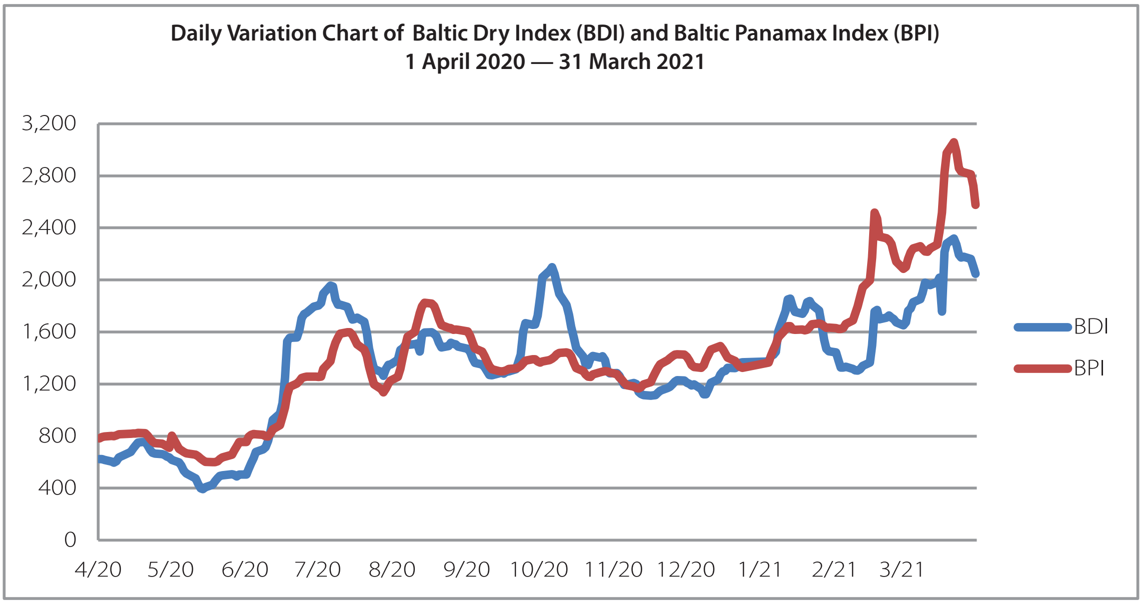
- The share conversion option element was treated as an equity component and was measured at cost.

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 the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review



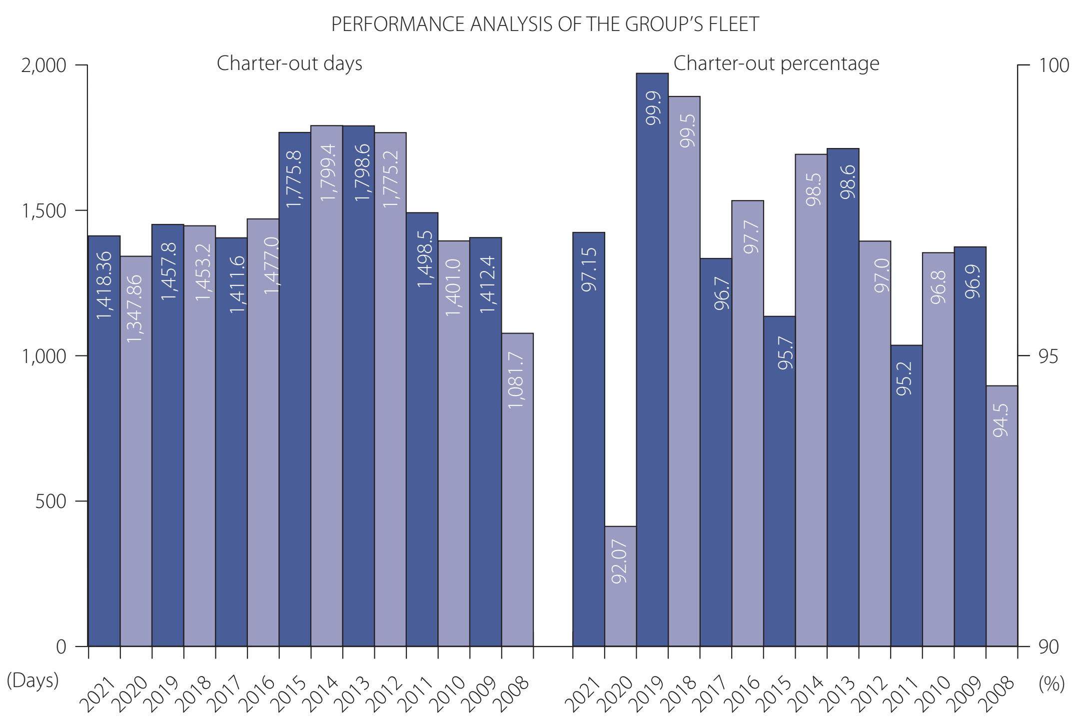
BDI high at 2,319 in March 2021, low at 393 in May 2020, average at 1,355.36.

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



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.

Since May 2016, Top Build Group Ltd. ("**Top Build**"), a direct wholly-owned subsidiary of the Company, has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds 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 increase substantially in recent years. To capture the opportunities prompted by the increase in demand of residential property, the Group plans to develop its property development project into a "cultural and tourism real estate" project for the development of villas, high/low density apartments, retail stores and SOHO with an area of approximately 130,000 square meters.

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 of the Company 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 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. As at the date of this announcement, 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 strictly 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 convertible bonds in the principal amount of US$54 million issued in May 2016 (the "**Top Build Convertible Bonds**") and loan from 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.

Earnings before interest, taxes, depreciation and amortisation (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 on 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 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 a new borrowing agreement (the "**New GH POWER Loan**") of US$4.27 million for the refinancing of the Group's bank borrowings of a vessel, namely GH POWER, under an existing facility agreement dated 25 January 2008 (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 a loan agreement of US$14.75 million (the "**GH GLORY/HARMONY Loan**") for the refinancing of the Group's bank borrowings of two vessels, namely, GH GLORY and GH HARMONY, under an existing facility agreement dated 17 November 2017 for three vessels including GH GLORY and GH HARMONY (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 Investments Limited ("**Ablaze Rich**"), the controlling shareholder of the Company, on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 for six loan facilities (collectively, the "**Facilities**") in the amounts of US$3.0 million (the "**First Facility**"), US$3.0 million (the "**Second Facility**"), US$1.5 million (the "**Third Facility**"), US$2.0 million (the "**Fourth Facility**"),US$2.0 million (the "**Fifth Facility**") and US$3.0 million (the "**Sixth Facility**") respectively. The First Facility, the Second Facility and the 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 announcement, 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 Rules Governing the Listing of Securities on the Stock Exchange (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 Bond was 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 announcement, 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 announcement. 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 within two months after the date of formal agreement of the settlement plan and shall become repayable no later than 31 December 2021, respectively.

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;
- 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.

Charges on assets

As at 31 March 2021, the Group had pledged the following assets to a bank and a financial institution as securities against the bank borrowing and loan facilities granted to the Group:

	31 March 2021	31 March 2020
	US$'000	*US$'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.

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 2021 and up to the date of this announcement, the Company has 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 2021 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 2021.

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 of the Company (the "**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 2021.

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 consolidated financial statements for the year ended 31 March 2021 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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement of the Group's results for the year ended 31 March 2021 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by PricewaterhouseCoopers, the auditor of the Company (the "**Auditor**"), regarding the consolidated financial statements of the Group for the year ended 31 March 2021.

DISCLAIMER OF OPINION

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.

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 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.

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 for the year ended 31 March 2021 are set out above. Despite the fact that the Directors have undertaken a number of measures to improve the Group's liquidity and financial position, which 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 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.

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 expected that the action plans will be implemented and, if such action plans are successfully implemented, the Company expects 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.

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 2021 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, 30 June 2021

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.