2020
ANNUAL REPORT

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

CONTENTS

GLOSSARY

"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and was owned as to 51% by Mr. Yan and 49% by Ms. Lam
"Acquisition"	the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the Sale and Purchase Agreement
"All Ages"	All Ages Holdings Limited (萬年控股有限公司), a company incorporated in the BVI on 1 November 2011 and was owned as to 51% by Mr. Yan and 49% by Ms. Lam
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Baltic Dry Index" or "BDI"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"Baltic Panamax Index" or "BPI"	an index of the shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
"Board"	the board of Directors
"Bryance Group"	Bryance Group Limited, a company incorporated in the BVI on 28 September 2006 and a wholly-owned subsidiary of the Company
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Laws, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
"Conversion Share(s)"	the Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	the First Convertible Bonds and, where appropriate, the Second Convertible Bonds

GLOSSARY

"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
"Director(s)"	director(s) of the Company
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
"EBITDA"	earnings before finance costs, tax, depreciation, amortisation and impairment loss on property, plant and equipment
"First Convertible Bonds"	the first tranche of convertible bonds in the principal amount of US$3,000,000 due 2018 issued by the Company for subscription by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
"GH FORTUNE/GLORY/ HARMONY Loan"	a term loan for the principal amount of US$20 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
"GH POWER Loan"	a term loan for the principal amount of US$39 million for financing the acquisition costs of GH POWER. The principal amount shall be repaid by 43 consecutive quarterly instalments commencing three months from 11 February 2008 with the final repayment date on 28 February 2019.
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Lands"	two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

GLOSSARY

"Main Board"	the stock market operated by the Stock Exchange, which excludes the GEM of the Stock Exchange and the options market
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Yan"	Mr. YAN Kim Po (殷劍波先生), the chairman of the Board, an executive Director and the husband of Ms. Lam
"Ms. Lam"	Ms. LAM Kwan (林群女士), the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
"New GH POWER Loan"	a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely, GH POWER. The principal amount shall be repaid by 14 quarterly instalments commencing three months from 11 April 2019
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China which, for the purposes of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 23 December 2015 entered into between the Company, Mr. Yan, Ms. Lam and Mr. Yin Hai in relation to, among other matters, the Acquisition
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Sfund"	Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong on 11 August 2015, which was the holder of Top Build Convertible Bonds in the principal amount of US$54,000,000 as at 31 March 2020
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 19 August 2011
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

GLOSSARY

"Subscription"	the subscription of the First Convertible Bonds by Ablaze Rich pursuant to the terms and conditions of the Subscription Agreement
"Subscription Agreement"	the agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the Subscription
"Top Build"	Top Build Group Ltd. (高建集團有限公司), a company incorporated in the BVI on 24 October 2014 and a wholly-owned subsidiary of the Company
"Top Build Convertible Bonds"	the convertible bonds in the total principal amount of US$54,000,000 due 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
"Union Apex"	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
"US$" and "US cents"	United States dollars and cents, respectively, the lawful currency of the United States

CORPORATE INFORMATION

Board of Directors

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

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company secretary

Mr. WONG Kwok Keung (黃國強)

Authorised representatives

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

Registered office

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

Headquarters and principal place of business in Hong Kong

12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

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

Hong Kong share registrar and transfer office

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

Independent auditor

PricewaterhouseCoopers

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

DVB Bank SE
DBS Bank (Hong Kong) Limited
Citibank (Hong Kong) Limited

Stock code

3683

Website address

www.greatharvestmg.com

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

FIVE YEAR FINANCIAL SUMMARY

	2020 US$'000	2019 US$'000	2018 US$'000	2017 US$'000	2016 US$'000
Results					
(Loss)/profit attributable to owners of the Company	**(10,209)**	10,090	(2,771)	(21,882)	(41,070)
EBITDA	**6,666**	6,161	5,843	2,445	(3,996)
Assets and liabilities					
Total assets	**123,591**	134,007	127,250	117,274	143,932
Total liabilities	**(98,707)**	(96,906)	(103,628)	(96,472)	(65,104)
Net assets	**24,884**	37,101	23,622	20,802	78,828

CHAIRMAN'S STATEMENT

Dear Shareholders,

The uncertainty of the global economic environment in 2019 continues to increase under the shadow of the China — United States trade war, and the freight rate of the dry bulk marine transportation market remained relatively high, relieving the oversupply of vessels in the shipping market. Given a rather enormous import volume of major dry bulk cargoes, such as iron ore, coal, soybean, grain and other bulk goods from China, the demand for the dry bulk marine transportation continued to grow. Meanwhile, the number of newly built vessels in the dry bulk fleet for handover increased. The number of dry bulk fleet has shown a net increase. The oversupply of the dry bulk fleet is still the main factor affecting the operation of the shipping market and the trend of spot freight rate. The outbreak and rapid spread of Coronavirus Disease 2019 ("COVID-19") throughout the world had a huge impact on the overall global economy, and will inevitably affect the shipping market and freight rate market. For vessel owners, the spot freight market remained unsteady with substantial fluctuations.

During the past year, the Group's fleet remained unchanged. The average age of our existing fleet was 14 years and the fleet size was 319,923 dwt. Under the volatile market conditions, the Group still maintained proactive and prudent operating strategies, with a fleet occupancy rate of approximately 92.07% and a total of 1,348 days of occupancy throughout the year, achieving an average daily charter rate per vessel of approximately US$8,566, with a recovery rate of close to 100% for receipt of charter hire.

Looking forward to the coming year, the dry bulk marine transportation market in 2020 will be affected by the increase in operating costs caused by the mandatory use of low-sulfur fuel oil together with the impact of COVID-19 on the economy, thereby affecting freight income. At the beginning of the year, the spot freight rate of the vessels fell sharply and has been hovering at a low level. It is foreseeable that the operating environment of the spot freight market of vessels this year will be more difficult and more uncertain than last year. The market revealed a relatively pessimistic expectation for the spot dry bulk freight rate. The imbalance of supply and demand of vessels in the dry bulk freight rate market would continue to exist, the impact of COVID-19 on the economy and the oversupply of vessels would remain a major factor contributing to the freight rate market this year. According to the forecast of the International Monetary Fund ("IMF"), this year's overall economic growth is −3%, while the growth of international trade volume is −11%, both of which have fallen significantly from last year, yet, it is expected that the economic situation would also undergo a major change if COVID-19 is under control in the second half of the year. Therefore, we expect that the demand for marine transportation of dry bulk cargoes may possibly be changed. The freight rate market will likely be in low level under pressure and subject to substantial fluctuations until the recovery of balance between supply and demand of vessels.

With the difficult market condition and challenging operating environment ahead, the Group will maintain its prudent operating strategies of enhancing daily management of vessels, providing better transportation service to customers, enhancing efforts in creating the operational revenue of the Group and also strictly controlling operating cost.

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 favorable policy with highlights as follows: (1) facilitating the free flow for 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 as 15% and personal income tax as 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 RMB100,000 per person. The above policies strongly support the property development project of the Group in Hainan. 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. All of the above advantages strongly support the real estate business of the Group, and may assist in increasing future net cash inflow and improving financial performance of the Group.

Lastly, on behalf of the Board, I would like to express my gratitude to all the shareholders for their support to the Group, and to all the staff for their dedication and commitment to the Group. On behalf of the Group, I would also like to express my sincere thanks to our customers, business partners, suppliers and bankers for their confidence and trust in the Group.

YAN Kim Po
Chairman

29 June 2020

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.

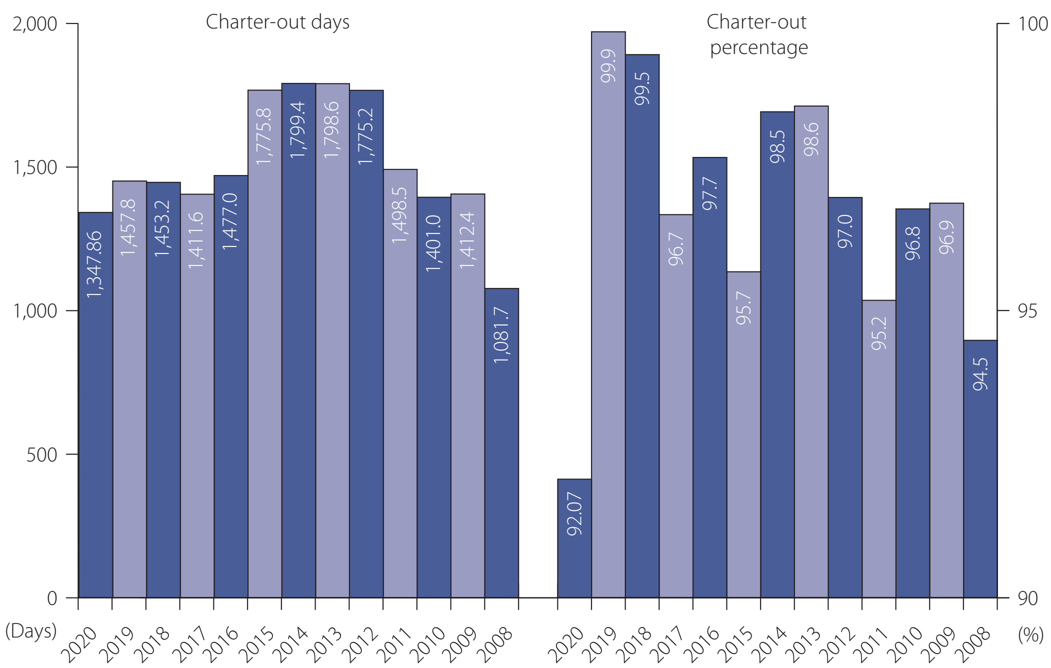
BPI high at 2,262 in September 2019, low at 520 in February 2020, average at 1,362.98.

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 has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds the Lands. Driven by the strong economic growth and development in the PRC, the increase in population in Hainan and the limited supply of residential property due to government policy, the land premium and prices of real estates in Hainan 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 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 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 annual report, the proposed investment is still in the process of due diligence review and formal agreement negotiation.

In light of the growth potential in Hainan, on 11 October 2018, the Company entered into a memorandum of understanding with two individuals in relation to the proposed investment by the Group in the online hospitality services, online travel transaction services and real estate agency services business in Hainan, the PRC. Up to the date of this annual report, 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 annual report, there are no other matters that would require disclosure under Rules 13.13 to 13.19 of the Listing Rules.

Charges on assets

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

	31 March 2020 US$'000	31 March 2019 US$'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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波), aged 58, is the chairman of the Company, an executive Director and the cofounder of the Group. Mr. Yan is the spouse of Ms. Lam. Mr. Yan is primarily responsible for the operation of the Board and is the key decision-maker of the Group. He is responsible for the Group's overall strategic planning and the management and development of the Group's businesses. Mr. Yan is also a director of certain subsidiaries of the Company. Mr. Yan is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, development, production, processing, operation and trading of the mining and steel industry. Mr. Yan was appointed as Justice of Peace and was granted a Doctor of Philosophy Honoris Causa from Lansbridge University, Canada. He was also honoured as World Outstanding Chinese in 2010. He is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada. He is a fellow of the Hong Kong Institute of Directors and the Life Honorary President of the Hong Kong Energy and Minerals United Associations (International) Limited. He is also active in social affairs and was appointed as the Honorary Chairman of Hong Kong Association of Youth Development, the Honorary President of Sha Tin District Junior Police Call, the Honorary President of the Fire Safety Ambassador Club and Shatin Sports Association. Mr. Yan is currently a director of Ablaze Rich, which has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Ms. LAM Kwan (林群), aged 52, is the chief executive officer of the Company, an executive Director and the co-founder of the Group. Ms. Lam is the spouse of Mr. Yan. Ms. Lam is primarily responsible for the Group's day-to-day management and overall business operations as well as its finance and administrative management. She is also a director of each of the subsidiaries of the Company. Ms. Lam has extensive experience in the marine transportation industry. Ms. Lam is currently a director of Adex Mining Inc. (TSXV Stock code: ADE), a company listed on the TSX Venture Exchange in Canada and a director of KLW Holdings Limited (SGX Stock Code: 504), a company listed on Singapore Exchange Securities Trading Limited. She is also a vice-chairman of Pok Oi Hospital, an honorary director of Hong Kong Baptist University Foundation, a director of the Hong Kong Energy and Minerals United Associations (International) Limited and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance and Economics in 1990 with a bachelor's degree in English for Finance in the Department of Foreign Language for Finance. Ms. Lam is currently a director of Ablaze Rich, which and Ms. Lam herself have an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. CAO Jiancheng (曹建成), aged 63, has been serving as an executive Director of the Company since June 2010. Mr. Cao is responsible for the operational management of the Group's shipping business. Mr. Cao has more than 37 years of experience in the marine transportation industry. Mr. Cao has been a captain of ocean-going cargo ships since around 1982. Before joining the Group, he had worked for 廣州海順船務有限公司 (Guangzhou Hai Shun Shipping Corporation) as a captain from 1985 to 1989. Mr. Cao also worked for Hong Kong Ming Wah Shipping Company Limited as an operator, chartering member, deputy manager, manager and vice-president from 1989 to 2000. He had also held management position as a manager at Valles Steamship Company Limited from 2001 to 2002. Mr. Cao completed the training course for international shipping professional education and obtained a certificate of completion from 上海海運學院 (Shanghai Maritime Institute) in December 1991 through long distance learning, and graduated from Murdoch University with a Master degree of Business Administration in March 1999. Mr. Cao had also been a captain as recognised by the Maritime Affairs Inspection Bureau of the PRC, the Directorate General of Consular and Maritime Affairs of The Republic of Panama and the Bureau of Maritime Affairs of the Ministry of Transport of The Republic of Liberia. Mr. Cao has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 68, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Cheung graduated from Hong Kong Polytechnic with a Higher Diploma in Accountancy in 1978 and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has extensive experience in accounting, finance, corporate management and investment banking, specializing in equity/debt fund raising, mergers and acquisitions and corporate and debt restructuring, as well as private financial consultancy work. Mr. Cheung is currently also an independent non-executive director of two other companies listed on the Main Board of the Stock Exchange, namely Long Well International Holdings Limited (formerly known as Tou Rong Chang Fu Group Limited) (Stock Code: 850) and NewOcean Energy Holdings Limited (Stock Code: 342). Mr. Cheung was an independent non-executive director of Zhuoxin International Holdings Limited (Stock Code: 8266), a company listed on the GEM of the Stock Exchange, from October 2018 to January 2020. Mr. Cheung has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Dr. CHAN Chung Bun, Bunny (陳振彬), *GBS, JP*, aged 62, has been serving as an independent non-executive Director of the Company since September 2010. Dr. Chan has extensive experience in commerce and is currently the chairman of Prospectful Holdings Limited. Dr. Chan is active in community affairs in Hong Kong. He has been appointed as a member of the Council for Sustainable Development from 1 March 2015. Dr. Chan was appointed as Justice of Peace in 2002 and was awarded the Bronze Bauhinia Star medal in 2004, the Silver Bauhinia Star medal in 2009 and the Gold Bauhinia Star medal in 2014 by the government of Hong Kong. Dr. Chan was conferred Doctor of Business Administration, honoris causa, in December 2013 by the Open University of Hong Kong. Dr. Chan was appointed as an independent non-executive director of MTR Corporation Limited (Stock Code: 66) on 20 May 2020 and he is currently also an independent non-executive director of three other companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock Code: 2331), Speedy Global Holdings Limited (Stock Code: 540) and Glorious Sun Enterprises Limited (Stock Code: 393). Dr. Chan has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. WAI Kwok Hung (韋國洪), aged 65, has been serving as an independent non-executive Director of the Company since September 2010. Mr. Wai was appointed as Justice of Peace in July 2002 and was awarded the Silver Bauhinia Star medal in 2008 by the government of Hong Kong. Mr. Wai has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Senior management

Mr. SUNG Lik Man (宋力文), aged 48, the vice general manager of the Group. Mr. Sung is responsible for the operational management of the Group's shipping business. He obtained his bachelor's degree in Maritime Management from Dalian Maritime University (大連海事大學) in July 1995. Mr. Sung has extensive experiences in the marine transportation industry and he joined the Group in June 2010 as the vice general manager of Union Apex. Before joining Union Apex, Mr. Sung was the chartering manager of Million Miles Shipping (Hong Kong) Limited from March 2003 to June 2010. Before joining Million Miles Shipping (Hong Kong) Limited, Mr. Sung also worked for COSCO (Hong Kong) Shipping Co., Ltd., a subsidiary of China COSCO Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1919), from February 2000 to February 2003.

Mr. WONG Kwok Keung (黃國強), aged 45, has been the chief financial officer and company secretary of the Company since 31 January 2019. Mr. Wong is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the Company. Mr. Wong obtained a master's degree of Science in Finance Analysis from Hong Kong University of Science and Technology in 2010 and a master's degree of Corporate Governance from The Hong Kong Polytechnic University in 2014. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an associate member of Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and administrators. Mr. Wong has over 22 years of working experience in several listed companies in Hong Kong and well-known organisations across jewellery trading, property leasing and development, garment and electronics manufacturing in the Greater China and Asia Pacific regions. Prior to joining the Company, he served as the senior management of several listed companies in Hong Kong and worked for a global audit and consulting firm for over 15 years. He has been appointed as a director of Adex Mining Inc., a company listed on TSX Venture Exchange since October 2017.

CORPORATE GOVERNANCE REPORT

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

The CG Code

The Company has adopted the principles and code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules as the Company's code on corporate governance practices. Throughout the year ended 31 March 2020 and up to the date of this annual report, the Company had been in compliance with the code provisions set out in the CG Code.

The Board

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

Board composition

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

Executive Directors

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

Independent non-executive Directors

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

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

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

Roles and responsibilities of the Board

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

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

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

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

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

Appointment and election of Directors

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

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

In accordance with the Article 84 of the Articles, Mr. Yan will retire by rotation at the forthcoming annual general meeting of the Company and being eligible, offer himself for re-election.

According to code provision A.4.3 of the CG Code, if an independent non-executive Director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders of the listed issuers. For the reason that Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung each has served as an independent Director for more than nine years, they will retire as Director at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

Board Diversity Policy

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

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

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

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

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

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

Director Nomination Policy

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

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

- character and integrity;

- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational, background, ethnicity, professional experience, skills, knowledge and length of service;

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

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

The Director Nomination Policy also sets out the procedures and process for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 March 2020, the Nomination Committee adhered to the following nomination procedures and the process set out in the Director Nomination Policy to select and recommend candidates for directorship:

(a) Appointment of new Director

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

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

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

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

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

(b) Re-election of Director at General Meeting

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

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

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

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

Independent non-executive Directors

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

Induction, development and training of Directors

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

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

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

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

A: Reading materials on legal and regulatory updates

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

Corporate governance functions

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

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

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

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

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

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

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

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

Board committees

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

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

Audit Committee

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

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

The Audit Committee held two meetings during the year ended 31 March 2020 to review, with the management and the Company's external auditors, the financial results and reports, financial reporting (including cash flow forecast), the Group's significant internal control and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The Company's annual results for the year ended 31 March 2020 have been reviewed by the Audit Committee.

Nomination Committee

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

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

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

The Nomination Committee held one meeting during the year ended 31 March 2020 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and the measurable objectives of the board diversity policy and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company.

Remuneration Committee

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

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

The Remuneration Committee held one meeting during the year ended 31 March 2020 to review and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management and other related matters.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 March 2020 is set out below:

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

Remuneration of Directors

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

Board and Board committee meetings

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

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

The individual attendance record of each Director at the meetings of the Board and the Board committees during the year ended 31 March 2020 is set out below.

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. Yan	9/9	—	1/1	1/1
Ms. Lam	8/9 *(note 1)*	—	—	—
Mr. CAO Jiancheng	8/9 *(note 1)*	—	—	—
Mr. CHEUNG Kwan Hung	9/9	2/2	1/1	—
Dr. CHAN Chung Bun, Bunny	9/9	2/2	1/1	1/1
Mr. WAI Kwok Hung	9/9	2/2	—	1/1

Note:

1. During the year ended 31 March 2020, one meeting was held between the Chairman and independent non-executive Directors without the executive Directors present in compliance with the code provision A2.7 of the CG Code.

Auditor's remuneration

During the year ended 31 March 2020, the remuneration payable/paid to PricewaterhouseCoopers, the external auditor of the Company, is set out as follows:

Services rendered	Year ended 31 March 2020 US$'000
Audit services	173

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 annual report.

Company secretary

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

Risk management and internal control

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

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

During the year ended 31 March 2020, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of the Group, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. The Group considers the review of the internal control systems are effective and adequate. Our systems are designed to manage the risk of failure to achieve corporate objectives and aim to provide reasonable assurance against material misstatement, loss or fraud. The Board delegates to the management to design, implement and ongoing assess our internal control systems, while the Board through its Audit Committee oversees and reviews the effectiveness of the risk management and internal control systems of the Group. Qualified professionals within the business maintain and monitor these systems of control on an ongoing basis.

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

Control Environment

The scope of internal control relates to three major areas:

— effectiveness and efficiency of operations;

— reliability of financial reporting; and

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

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

Risk Governance Structure

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

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

Our Risk Management Process

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

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

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

Risk Management Monitoring

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

Inside Information

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

Internal and External Audit Function

Internal Audit Function

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

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

The principal tasks of the internal audit team include:

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

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

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

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

External Audit Function

Our external auditor, PricewaterhouseCoopers, performs independent statutory audits of the Group's financial statements. To facilitate the audit, the external auditor attended all meetings of the Audit Committee. PricewaterhouseCoopers noted that there is no significant internal control weaknesses in its audit for 2020.

Management function

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

Responsibilities in respect of the consolidated financial statements

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

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2020.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 81.

The Group reported its current liabilities exceeded its current assets by US$13,145,000 as at 31 March 2020. These conditions, as set forth in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 March 2020. The directors are of the opinion that, after taking into account both the plans and measures mentioned in Note 2.1.1 to the consolidated financial statements, 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. The opinion in the "Independent Auditor's Report" is not modified in respect of this matter.

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

Shareholders' communication and rights

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

During the year ended 31 March 2020, one general meeting of the Company was held, i.e. the annual general meeting of the Company held on 26 August 2019, and the attendance of each Director at the annual general meeting of the Company is set out as follows:

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

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

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

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

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

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

Investor relations

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

There was no change to the Company's constitutional documents during the year ended 31 March 2020.

AUDIT COMMITTEE REPORT

For the year ended 31 March 2020, the Audit Committee's review covered the audit plans and findings of the external auditor and internal control team, external auditor's independence and performance, the Group's accounting principles and practices, Listing Rules and statutory compliance, connected transactions, internal control systems, risk management, treasury, financial reporting matters (including the interim and annual reports for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the audited consolidated financial information for the year ended 31 March 2020. In carrying out this review, the Audit Committee has relied on the audit conducted by the Group's external auditor in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Based on this review and discussions with the management, the Audit Committee is satisfied that the consolidated financial statements have been prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 March 2020. The Audit Committee therefore recommended the consolidated financial statements for the year ended 31 March 2020 to be approved by the Board.

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

The consolidated financial statements of the Company for the year ended 31 March 2020 have been audited by PricewaterhouseCoopers.

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

Hong Kong, 29 June 2020

DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the audited consolidated financial statements for the year ended 31 March 2020.

Principal activities

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

The principal activities and other particulars of the subsidiaries of the Company are set out in Note 15 to the consolidated financial statements.

Business review

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622), including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business are contained in the section headed "Management Discussion and Analysis" of this annual report. This discussion forms part of this Directors' Report. In addition, details of the Group's financial risk management are disclosed in Note 3 to the consolidated financial statements.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 87. The Directors did not recommend payment of any final dividend for the year ended 31 March 2020 (2019: Nil).

Environmental, society and governance

The Group is determined to become a responsible enterprise, and is committed to perfecting its business. At the same time, the Group has been actively improving the local community environment and taking part in community activities. The Group seeks to perform corporate citizenship, including the commitment of attaining the highest ethical standards, the provision of a safe and healthy workplace, and pay attention to the environment, resources utilisation and emissions in every aspect of its business as well as the contribution of resources to facilitate staff development training and the active involvement in charity. The Board is of the opinion that a good environmental, social and governance framework is of great importance to the development of the Group. Apart from the pursuit of business growth, the Group is also constantly perfecting in sectors such as environmental protection, social responsibilities and corporate governance. Meanwhile, the Group also hopes to achieve and improve its social responsibilities by enhancing corporate transparency. The Environmental, Social and Governance Report is set out at page 52 of this annual report.

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2020, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2020, there was no material and significant dispute between the Group and its employees, customers and suppliers.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 20 and Note 29 to the consolidated financial statements respectively.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 13 to the consolidated financial statements.

Distributable reserves

At 31 March 2020, the Company has no distributable reserves (2019: US$4,591,000).

Pre-emptive rights

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

Five year financial summary

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

Share capital

Details of the movements in the share capital of the Company during the year ended 31 March 2020 are set out in Note 18 to the consolidated financial statements.

Equity-linked agreements

Save for the Top Build Convertible Bonds and the grant of options under the Share Option Scheme of the Company as referred to in the paragraph headed "Share Option Scheme" below, no equity-linked agreements (as defined under the Companies (Directors' Report) Regulation, Chapter 622D of the Laws of Hong Kong) that will or may result in the Company issuing Shares or that require the Company to enter into any such agreement that will or may result in the Company issuing shares were entered into by the Company during the year or subsisting at the end of the year. Please refer to the section headed "Share Option Scheme" below and Note 19 to the consolidated financial statements for further information about the Share Option Scheme; and the section headed "Management Discussion and Analysis — Financial Review — Convertible Bonds" and Note 23 to the consolidated financial statements for further information about the Top Build Convertible Bonds.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares for the year ended 31 March 2020.

Directors

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

Executive Directors

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

Independent non-executive Directors

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

In accordance with the Article 84 of the Articles, Mr. Yan will retire by rotation at the forthcoming annual general meeting of the Company and being eligible, offer himself for re-election.

According to code provision A.4.3 of the CG Code, if an independent non-executive Director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders of the listed issuers. For the reason that Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung each has served as an independent Director for more than nine years, they will retire as Director at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Biographical details of Directors and senior management

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

Directors' service contracts

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

Permitted indemnity provisions

The Articles, which are currently in force and were in force during the year ended 31 March 2020, contain indemnity provisions which are permitted indemnity provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) subject to the limitations specified in sections 468 and 469 thereof, for the benefit of the Directors. Pursuant to such provisions, the Company shall indemnify and hold harmless out of its assets and profits any Directors from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them. The Company has also taken out and maintained appropriate insurance cover to indemnify the Directors for liabilities that may arise out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 March 2020, no claims were made against the Directors.

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

As at 31 March 2020, the interests and short positions of the Directors and/or the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of Director	Capacity/Nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 10)*
Mr. Yan	Interest of controlled corporation *(Note 2)*	687,408,513 (L)	—	72.17%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.22%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.22%
	Family interest *(Note 4)*	1,370,000 (L)	—	0.14%
	Beneficial owner and interest of spouse *(Note 5)*	—	381,843,064 (S)	40.09%

Name of Director	Capacity/Nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 10)*
Ms. Lam	Interest of controlled corporation *(Note 2)*	687,408,513 (L)	—	72.17%
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.22%
	Beneficial owner *(Note 4)*	1,370,000 (L)	—	0.14%
	Family interest *(Note 3)*	—	2,100,000 (L)	0.22%
	Beneficial owner and interest of spouse *(Note 5)*	—	381,843,064 (S)	40.09%
Mr. Cao Jiancheng	Beneficial owner *(Note 6)*	—	4,300,000 (L)	0.45%
Mr. Cheung Kwan Hung	Beneficial owner *(Note 7)*	—	800,000 (L)	0.08%
Dr. Chan Chung Bun, Bunny	Beneficial owner *(Note 8)*	—	800,000 (L)	0.08%
Mr. Wai Kwok Hung	Beneficial owner *(Note 9)*	—	300,000 (L)	0.03%

Note(s):

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

(2) These 687,408,513 Shares were held as to 681,506,013 Shares by Ablaze Rich and as to 5,902,500 Shares by All Ages. The entire issued share capital of each of Ablaze Rich and All Ages were owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich and All Ages. As such, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by each of Ablaze Rich and All Ages by virtue of the SFO.

(3) On 21 October 2011, each of Mr. Yan and Ms. Lam was granted share options of the Company in respect of 2,100,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2020. As they have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in such number of Shares beneficially held by each other by virtue of the SFO.

(4) These 1,370,000 Shares were held by Ms. Lam. As Mr. Yan and Ms. Lam have a spousal relationship, Mr. Yan was deemed to be interested in the Shares in which Ms. Lam was interested by virtue of the SFO.

(5) These 381,843,064 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 at the initial conversion price of HK$1.096 per Share and the exchange rate of HK$7.75 to US$1.00. Mr. Yan and Ms. Lam have granted the put option in favor of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase these Top Build Convertible Bonds. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules. As they have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares in which the other was interested by virtue of the SFO.

(6) On 21 October 2011 and 30 April 2015, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares and 2,300,000 Shares respectively pursuant to the Share Option Scheme. 4,300,000 share options remained outstanding as at 31 March 2020.

(7) On 30 April 2015, Mr. Cheung Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2020.

(8) On 30 April 2015, Dr. Chan Chung Bun, Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at 31 March 2020.

(9) On 30 April 2015, Mr. Wai Kwok Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. 300,000 share options remained outstanding as at 31 March 2020.

(10) The percentage is calculated on the basis of 952,513,513 Shares in issue as at 31 March 2020.

Interest in shares and underlying shares of an associated corporation:

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares held *(Note)*	Approximate percentage of interest (%)
Mr. Yan	Ablaze Rich	Beneficial owner	10,200 (L)	51.00%
Ms. Lam	Ablaze Rich	Beneficial owner	9,800 (L)	49.00%
Mr. Yan	All Ages	Beneficial owner	5,100 (L)	51.00%
Ms. Lam	All Ages	Beneficial owner	4,900 (L)	49.00%

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

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at 31 March 2020, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 6)*
Ablaze Rich	Beneficial owner *(Note 2)*	681,506,013 (L)	—	71.55%
廣州匯垠發展投資合夥企業（有限合夥）(for identification purpose only, Guangzhou Huiyin Development Investment Partnership Enterprise (Limited Partnership))	Beneficial owner *(Note 3)*	75,560,000 (L)	—	7.93%
Sfund	Beneficial owner *(Note 4)*	—	381,843,064 (L)	40.09%
China Shandong Hi-Speed Financial Group Limited ("CSFG")	Interest of controlled corporation *(Note 5)*	70,000,000 (L)	—	7.35%

Notes:

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

(2) These 681,506,013 Shares were held by Ablaze Rich.

(3) Based on the disclosure of interests form submitted by this substantial shareholder as at 31 March 2020.

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

These Shares were held by Sfund, which was wholly owned by Guangzhou Huiyin Tianye Equity Investment Fund Management Co., Ltd (廣州匯垠天粵股權投資基金管理有限公司) ("Guangzhou Huiyin"), which was owned as to 5% by Guangzhou Industry Investment Fund Management Co., Ltd (廣州產業投資基金管理有限公司) ("Guangzhou Industry Investment") and as to 95% owned by Guangzhou Technology Financial Innovation Investment Holdings Limited (廣州科技金融創新投資控股有限公司) ("Guanzhou Technology Financial Holdings"). Guangzhou Technology Financial Holdings was wholly owned by Guangzhou Industry Investment, which was wholly owned by Guangzhou City Construction Investment Group Company Limited (廣州市城市建設投資集團有限公司) ("Guangzhou City Construction Investment"). Each of Guangzhou Huiyin, Guangzhou Industry Investment, Guangzhou Technology Financial Holdings and Guangzhou City Construction Investment was deemed to be interested in all the Shares in which Sfund is interested by virtue of the SFO.

(5) Based on the disclosure of interests form submitted by CSFG as at 31 March 2020. The long positions are held through a corporation indirectly controlled by CSFG.

(6) The percentage is calculated on the basis of 952,513,513 Shares in issue as at 31 March 2020.

Save as disclosed above, as at 31 March 2020, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

Directors' rights to acquire shares or debentures

Save as disclosed in the section headed "Share Option Scheme" below and the put options granted in favour of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase the Top Build Convertible Bonds, at no time during the year ended 31 March 2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share Option Scheme

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

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

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

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

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

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

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

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

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

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

During the year ended 31 March 2020, movements of the share options granted under the Share Option Scheme are summarized as follows and in Note 19 to the consolidated financial statements:

					Number of share options					
List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant	Exercisable price per share	Outstanding as at 1 April 2019	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 March 2020
			HK$	HK$						
Directors										
Mr. Yan	21 October 2011	21 October 2012– 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013– 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014– 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
					2,100,000	—	—	—	—	2,100,000
Ms. Lam	21 October 2011	21 October 2012– 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2013– 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
	21 October 2011	21 October 2014– 20 October 2021	$1.15	$1.15	700,000	—	—	—	—	700,000
					2,100,000	—	—	—	—	2,100,000
Mr. CAO Jiancheng	21 October 2011	21 October 2014– 20 October 2021	$1.15	$1.15	2,000,000	—	—	—	—	2,000,000
	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	2,300,000	—	—	—	—	2,300,000
					4,300,000	—	—	—	—	4,300,000
Mr. CHEUNG Kwan Hung	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	800,000	—	—	—	—	800,000
					800,000	—	—	—	—	800,000
Dr. CHAN Chung Bun, Bunny	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	800,000	—	—	—	—	800,000
					800,000	—	—	—	—	800,000
Mr. WAI Kwok Hung	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	300,000	—	—	—	—	300,000
					300,000	—	—	—	—	300,000
Sub-total					10,400,000	—	— -	—	—	10,400,000

List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant HK$	Exercisable price per share HK$	Number of share options: Outstanding as at 1 April 2019	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 March 2020
Employees	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	500,000	—	—	—	—	500,000
Sub-total					500,000	—	—	—	—	500,000
Others	30 April 2015	30 April 2015– 29 April 2025	$1.15	$1.20	250,000	—	—	—	—	250,000
Sub-total					250,000	—	—	—	—	250,000
Total					11,150,000	—	—	—	—	11,150,000

Public float

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

Contracts of significance

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

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with any Director or any person engaged in full time employment of the Company were entered into or subsisted during the year ended 31 March 2020.

Related party transactions

Details of significant related party transactions of the Group for the year ended 31 March 2020 are set out in note 28(a) to the consolidated financial statements. All of such transactions fall under definition of "connected transaction" in Chapter 14A of the Listing Rules. In respect of each of such transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (where applicable).

Major customers and suppliers

For the year ended 31 March 2020, the Group's five largest customers together accounted for about 98.7% of the Group's total chartering revenue and the largest customer accounted for about 40.8% of the Group's total chartering revenue. The relatively high concentration of revenue attributable to a few customers during the year was due to the relatively small fleet size of the Group. Each of the five largest customers had established 2 to 5 years of business relationship with the Group.

For the year ended 31 March 2020, the Group's five largest suppliers together accounted for about 94.2% of the Group's costs of services, and the largest supplier accounted for about 63.6% of the Group's total costs of services. The Group's key suppliers include insurance underwriters, ship managers, shipbrokers, bunker fuel providers and shipyards. Each of the five largest suppliers had established 2 to 14 years of business relationship with the Group.

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

Directors and controlling shareholders' interests in competing business

For the year ended 31 March 2020 and up to the date of this annual report, none of the Directors and controlling shareholders of the Company (i.e. Mr. Yan, Ms. Lam and Ablaze Rich) (the "Controlling Shareholders") was interested in any business which competes or is likely to compete with the businesses of the Group.

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

Our independent non-executive Directors have reviewed the compliance with the Deed of Non-competition during the year ended 31 March 2020 and up to the date of this annual report based on information and confirmation provided by the Controlling Shareholders, and they were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition.

Change in Directors' biographical details

Change in Director's biographical details for the year ended 31 March 2020 and up to the date of this annual report, which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of change
Mr. CHEUNG Kwan Hung	Mr. CHEUNG Kwan Hung resigned as an independent non-executive director of Zhuoxin International Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8266) on 31 January 2020.
Dr. CHAN Chung Bun, Bunny	Dr. CHAN Chung Bun, Bunny was appointed as an independent non-executive director of MTR Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 66) on 20 May 2020.

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

Closure of register of members

The register of members of the Company will be closed from Friday, 21 August 2020 to Wednesday, 26 August 2020 (both days inclusive) for the purpose of determining the right to attend and vote at the forthcoming annual general meeting of the Company. In order to be qualified for attending and voting at the forthcoming annual general meeting of the Company, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 20 August 2020.

Corporate governance

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

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2020 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire at the conclusion the forthcoming annual general meeting of the Company and, being eligible offer themselves for re-appointment. A resolution to re-appoint PricewaterhouseCoopers as the auditor of the Company in the following year will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

YAN Kim Po
Chairman

Hong Kong, 29 June 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group" or "we") are pleased to present our fourth Environmental, Social and Governance ("ESG") Report (the "Report"). The Report summarises the Group's policies, management approaches and initiatives to demonstrate our long-term commitment in sustainable development and to ensure that our business activities, at all levels, are conducted in economically, socially and environmentally responsible manner. For the information regarding to the Group's corporate governance, please refer to the section of corporate governance report in page 22 to 36 of our annual report.

Reporting Scope

The scope of the Report covers the environmental and social performances of the Group's core businesses, including 1) chartering out of dry bulk vessels and 2) property investment and development during the period from 1 April 2019 to 31 March 2020 (the "Reporting Period" or "2019/20").

Reporting Standard

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

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

Contact and Feedback

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

Stakeholder Engagement

We recognise that an open and transparent communication with our stakeholders can enable us to understand their needs and expectations in relevance to our business operations, determine what issues they concerned most as well as actively exchanging new ideas and knowledge sharing in formulating our ESG management approaches. We have maintained regular engagement with our key stakeholders, including clients, employees, government and regulators, shareholders and investors, business partners, industry associations, bankers and communities, through a variety of communication channels in addressing their concerns with timely follow-up actions. The below table is illustrated the channels we adopted to engage our stakeholders and their expectations and concerns.

Stakeholders	Expectations and concerns	Communication channels
Clients	• Comprehensive operation control • Laws and regulations compliance • Safety of service provision	• Company website • Regular Meetings • Customer feedback and complaints • Customer satisfaction surveys
Employees	• Employee benefits • Employee — management relationship • Labour rights • Occupational health and safety ("OHS") • Training and career development opportunities	• Emails and suggestion box • Regular meetings • Annual staff performance review • Employee training • Employee activities
Government and regulators	• Laws and regulations compliance	• Regular document submission • Regular communication with regulatory authorities • Compliance inspections and assessment • Forum, seminar and conference
Shareholders and investors	• Investment return • Business growth and development • Corporate governance • Risk management and mitigation	• Company website • Annual general meetings • Corporate announcements • Annual and interim reports
Business partners (Suppliers, service providers and contractors)	• Long-term business partnership • Business ethics and integrity • Supplier assessment and performance	• On-going direct engagement • Supplier selection and performance assessment • Procurement and tendering • Inspection on site

Stakeholders	Expectations and concerns	Communication channels
Industry associations	• Industry position enhancement • Legitimate rights protection • Economic and trade exchange and collaboration • Striving for more supports and welfares from the government	• Regular meetings • Emails and phones • Forums, seminars and conferences • Circulars, press and publication • National and international fora
Bankers	• Financing • Banking solutions	• Emails and phone calls • Meetings
Community	• Understanding of community interest • Social and Economic development • Environmental conservation	• Company website • Community activities • Emails and phones • Charitable activities and voluntary services

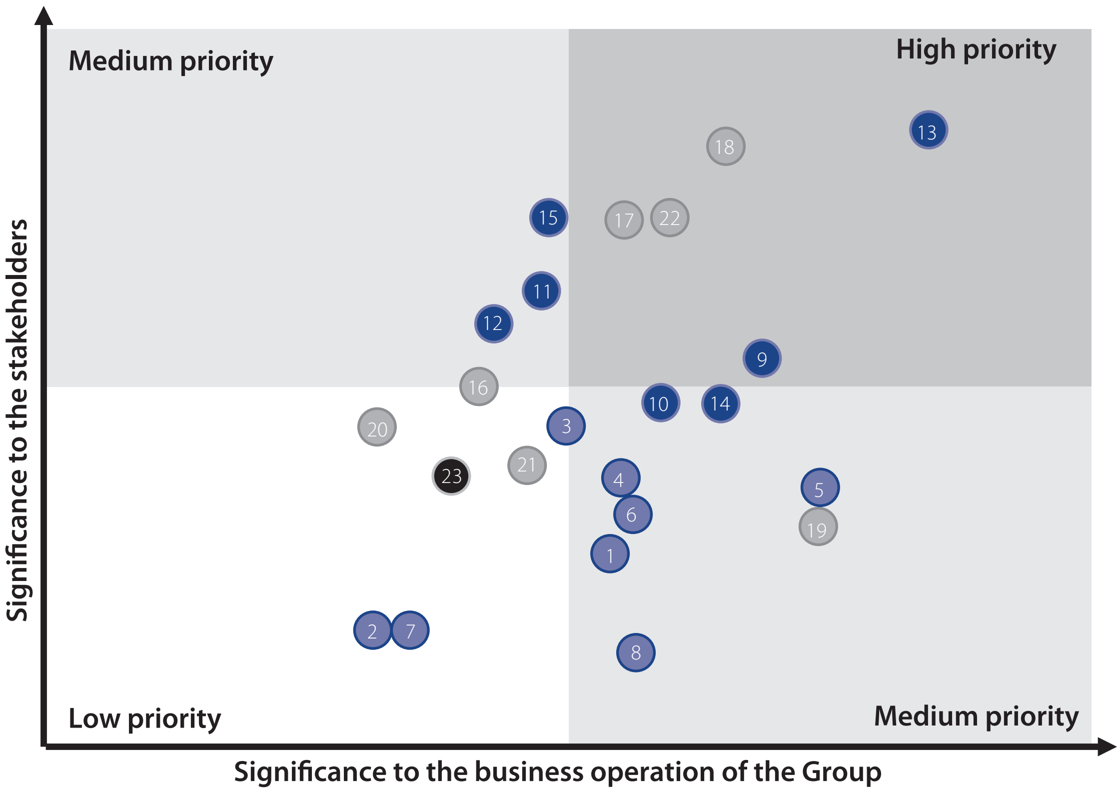
Our Responses to Stakeholders' comments

Stakeholders' Comments	Our Responses
Continue to make efforts in building a motivated workforce and improving employee well-beings	The Group has periodically reviewed the employee remuneration package to compensate our employees equal to their job performance. The Group has arranged staff activities and gatherings in order to build an inclusive and cohesive workforce. To safeguard the employee health and safety, the Group has set up office safety taskforce team to supervisor the safety of office workplace and standardised operational management system in fleet operations. The Group also offered necessary training of technical and practical skillsets to crews and office staff in order to mitigate the safety risks exposure and respond to emergency.
Foster the industry (shipping) development and sustainability	The Group is the member of Hong Kong Shipowners Association. We have actively participated in the delegation visits, activities and forums organised by Hong Kong Shipowners Association and share our point of views the difficulties of the current trade business operations, possible resolutions and action plans and trade prospects. The Group also supports seafarer's welfare with monetary donation and embraces the young generation in developing their career in shipping industry.

Stakeholders' Comments	Our Responses
More focus on the issue of data privacy protection	The Group has set out internal control guidelines in handling the corporate confidential information and appropriate administrative and physical measures are applied to secure all storage and transmission of corporate information. The Group will continue to review the effectiveness of the executed management approaches and update when appropriate.
Ensure the safety of the chartering out of dry bulk vessels	The Group has engaged an experienced service provider to manage the vessel technical and maintenance issues. On the other hand, a standardised safety management system is implemented to shipboard operation and adequate training are provided to the seafarers to ensure the safe vessel operations.
Uphold integrity in business operations and prevent corruption practices	With realising the corporate interests and reputation can be harmed by the corruption practice, the Group had maintained regular review and evaluation on the effectiveness of the existing corporate governance and internal control systems to maintain the clean and honest corporate culture. In addition, the Group will continue to devise and refine the relevant management procedures and whistle blowing system, as well as arranging regular training on anti-corruption in order to communicate to our employees about the importance of anti-corruption.

Materiality Assessment

In order to determine the ESG issues matter most to our businesses, we have engaged an independent consultant to carry out a materiality assessment via an online survey this year. We have invited our stakeholder groups (e.g. the member of the Board, employees, the non-governmental organisations) to rate the identified twenty-three ESG issues with score based on their significance to the stakeholder themselves and the Group's business operation respectively. By exercising the materiality analysis, we prioritise the ESG issues in accordance with the materiality of each of ESG issues expressed by the stakeholders and is tabulated in the below materiality matrix. Occupational health and safety, customer privacy protection, employee relations, anti-corruption and customer health and safety are the topics categorised as high priority and the Group shall focus on in ESG management. All of the key concerns are properly addressed by our responses.



Environmental	Operating Practice
1. Emissions	16. Service quality
2. Energy efficiency	17. Customer health and safety
3. Greenhouse gas emissions	18. Customer privacy protection
4. Climate change and response	19. Customer satisfaction
5. Waste disposal and recycling	20. Customer complaint handling
6. Water use	21. Supply chain management
7. Packaging materials consumption	22. Anti-corruption
8. Green office	
Social	**Community**
9. Employee relations	23. Community Investment
10. Employee retention	
11. Diversity and equal opportunities	
12. Employee engagement	
13. Occupational health and safety	
14. Employee training and career development	
15. Child and forced labour	

Laws and regulations relating to vessel operation

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

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

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

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

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

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

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

- International Convention on Load Lines

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

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

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

- CAP 369 Merchant Shipping (Safety) Ordinance of Hong Kong Special Administrative Region ("HKSAR")

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

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

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

Our Employees

The Group recognises that human capital is the crux of our business success and sustainability. It is therefore of paramount importance to provide a pleasant, inclusive and harmonious workplace and proactively manage our talent pipeline in attracting and retaining talents. We also endeavour to offer career development opportunities for our employees so that they can develop their professional skills and grow with us as a whole.

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

Employment and Labour Standard

The Group offers competitive remuneration and benefits package for our full-time employees in Hong Kong and PRC, including fixed monthly salary, leaves, fixed working hours, allowances, medical insurance, annual bonus, discretionary bonus and Mandatory Provident Fund Schemes or social insurance coverage (i.e. pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing funds) to eligible staff. In addition to annual leaves and statutory leaves, all employees are entitled to marriage leave, maternity leave, paternity leave, sick leave and compassionate leaves. Apart from basic remuneration, share options may be granted to eligible employees. We maintain regular review and adjustment on the employee remuneration package to ensure they are rewarded in a fair means as well as in line with the market conditions and prevailing market practices. With the outbreak of COVID-19 in early 2020, the delay of crew reliefs occurred due to the closing border and restriction of international travel. To protect the employee rights, the extended contracted employment has been signed by the crews where applicable and the Group has granted the compensation to the crews remained onboard with the bonus of half of the basic salary pro-rated. The Group also closely monitored the situation and reactions with different countries on COVID-19 to ensure the change of crews was undertaken in safe circumstance.

With the commitment in the principle of equal opportunities and fair treatment with our employees and job candidates, the Group has formulated human resources management policies with respect to equal opportunities, diversity and anti-discrimination, to ensure all the employment matter, including recruitment, transferal, promotion, training, performance review and dismissal, are fairly decided in accordance with objective factors (e.g. individual working performance, qualifications and working experience etc) and strictly prohibits any form of all forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion. The Group also prohibits any unlawful harassment in our workplace. We encourage differences and individuality in employees, with the philosophy that diversity can bring new ideas and dynamics to our operations and hence increase our competitive advantages.

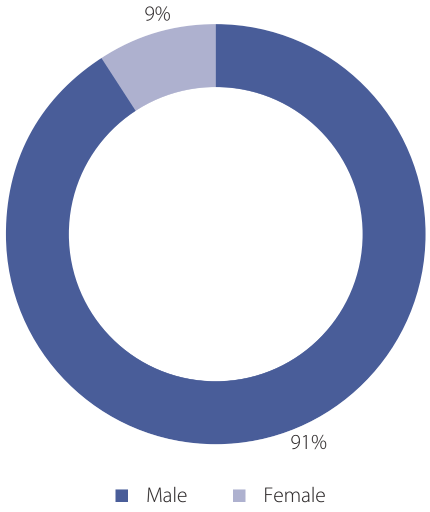
In order to cultivate the cohesion and sense of belonging of our employees, the Group has organised birthday celebration, festival gatherings and annual dinner for our employees in order to build good relationships among colleagues and express our appreciation to their hard work and contribution.

The Group is committed to respecting and protecting the human rights. Regarding this, the Group strictly prohibits the employment of any child and forced labour in our workplace. All job candidates and employees are required to provide accurate personal information, academic qualification and job reference records as evidence to verify the eligibility for work in related positions. The Group constantly reviews the employment practices of our engaged suppliers and contractors and discontinues the business relationship when the use of child labour or forced labour in their operations is found.

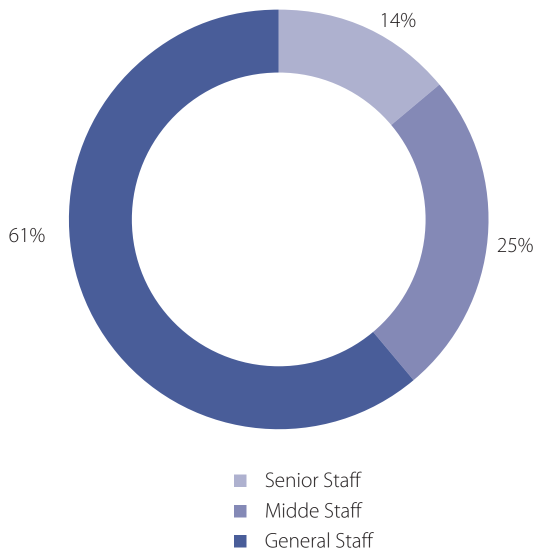
Employee Profile

As at 31 March 2020, the Group had 102 full-time employees. The breakdown of the total workforce divided by gender, employee category, employment contract and age group are shown as below.

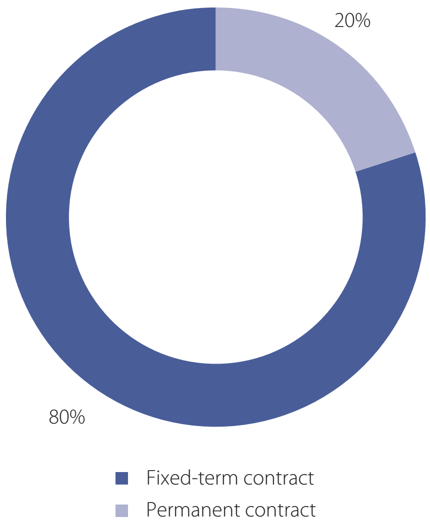
Total workforce by gender



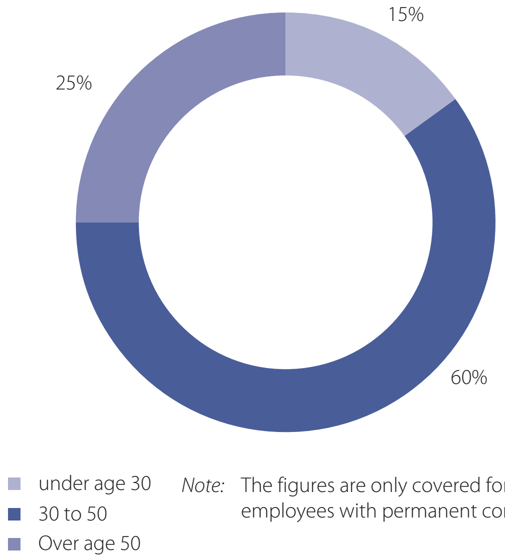
Total workforce by employee catergory



Total workforce by employment contract



Total workforce by age group



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

Health and Safety

The Group attaches great emphasis on health and safety in our workplace as well as offering safe and reliable vessel fleet to our client. The Group has engaged a contractor with enrich experience to provide maritime solutions, crew and shipment management in monitoring the safety of the shipboard operation for each of the Group's vessels. The Group maintains close collaboration with the contractor to ensure a set of safety policies and management procedures, including (1) safety and environmental protection policy; (2) instructions and procedures to ensure safe operation of ships and protection of environment in compliance with relevant international and flag state legislation; (3) procedures for reporting accidents and non-conformities with the provisions of the ISM Code; and (4) procedures of emergency preparedness and response, are in place to identify, prevent and mitigate the safety risks exposure to the crews, receiving adequate training and obtaining relevant qualification before on board as well as ensuring the vessel operation of each of the Group's vessel fulfils the requirements of the ISM Code.

The onshore operation of chartering out of dry bulk vessel and the business operation of property investment and development are mainly housed in offices, where are anticipated to expose to low health and safety risks. Nonetheless, the Group has taken the following health and safety measures to minimise the office safety risks, promote the safety awareness toward employees, as well as preventing occupation disease or accidents in our office.

Key health and safety measures implemented in offices

- Install air purifiers in relatively crowded areas such as conference and meeting rooms;
- Prohibit smoking and abuse of alcohol and drugs in the workplace;
- Maintain good housekeeping in working area and office area such as corridors and pantry;
- Provide adjustable chairs and monitors for eye protection;
- Attach posters of proper working postures and lifting method at appropriate locations in offices to remind employees to take correct posture for manual handing operations;
- Participate in the fire drills and emergency evacuation organised by the property management company to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency; and
- Disseminate the information of office safety on the intranet regularly to promote the safety culture.

The Group has formed an office safety taskforce team to oversee the safety issues (e.g. office security, fire safety, electricity safety etc.) in our offices. We also introduce the general office safety practices as outlined in our employee handbook during our induction training and conduct regular review to evaluate the effectiveness of health and safety measures to ensure they are properly maintained and executed.

During the Reporting Period, the Group has complied with the CAP.509 Occupational Safety and Health Ordinance of HKSAR, the Work Safety Law of PRC, Law of the PRC on the Prevention and Control of Occupational Diseases, and there was no work-related fatality or lost days due to work injuries cases in 2019/20.

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

Development and Training

The Group envisions that nurturing the professions of our people through development and training is the key to drive our business success and growth. We strive to identify the training needs of our employees through the employee performance appraisal and daily operations and devise the training programmes for our employees in order to strengthen their professional capabilities and in turn to meet our business objectives.

Given that different positions are of unique professional and technical needs, the Group ensures that every new hirer receives proper orientation training and mentoring in order to help them adapt to the new working environment swiftly. The Group organised professional training sessions and seminars for directors and senior management, covering with the topics of corporate governance, ethics and integrity, risk management, legal and regulatory requirements and OHS. The goal is to strengthen and refresh their knowledge, leadership and management skills, which is expected to drive the team to grow for the best interest of the Group. We also provided internal training programs, comprehensive training for specific skill development, and courses for continuous professional development for relevant employees in order to ensure that they possess the appropriate professional qualifications, qualities and skillsets and facilitate the career prospect of individual employee. Subsidies are also granted to the eligible employees to support the continuous learning in their spare time.

In addition, we ensure that the crews who operate our vessels obtain relevant certificates and receive necessary maritime training under the requirements of STCW Convention, in particular to safety training, to acquire adequate technical and practical skillsets for the daily vessel operation and upholding the highest safety standard in shipping.

Operating Practices

The Group is determined to disseminate the pursuit of sustainability into our core business which is regarded as part of the responsibility of an accountable corporate citizen. Furthermore, the Group encourages all business partners to incorporate those sustainability practices and policies into their operation thoroughly in order to work together in our pursuit of sustainable development.

Supply Chain Management

The Group recognises that maintaining a close collaboration and harmonious relationships with our business partners (including our suppliers, service providers and contractors) can foster our business continuity and uphold the quality of service we deliver. The key suppliers of the Group are the contractor of vessel asset and technical management and office appliances suppliers. The Group has implemented supplier management system to review and assess the business capability of the suppliers for material supply and managing our daily vessel operation. When selecting supplier, the Group not only take in considerations on the pricing, but also evaluates the corporate background and reputation, competency and experience and the track records of legal and regulatory compliance to ensure the quality and safety of our service provision as well as minimising the negative environmental impacts during our business activities. Inspection and assessments may be conducted by the Group if deemed necessary. We are obliged to terminate the cooperation contract with suppliers that may cause or have caused serious pollutions or serious social accidents.

We encourage our business partners to take proactive action and adopt the best environmental and social practices (e.g. employment practices, human rights protection, environmental, health and safety management etc.) in their own business to mutually disseminate the pursuit of sustainability into the core business.

The Group believe that, through the above review process, we can minimise the potential environmental and social risks associated with the supply chain management. During the Reporting Period, the Group had in total 25 suppliers which were located in the region where we operated.

Product Responsibility

To be a successful business, we maintain continuous communication with our clients to ensure that we understand and fulfil their needs and expectations with an aim to uphold to the highest standards of service provision and improve the quality of our services in the long run.

Chartering out of dry bulk vessels

All the vessels of the Group are hiring out under the time charter and the Group upholds the responsibility to provide the vessel technical and maintenance management for the charterers to ensure the vessels are operated in the safe and optimal condition. The Group has commissioned the contractor to carry out vessel maintenance and repair at planned time intervals in order to fulfil the requirements of relevant international convention, laws and regulations, class and manufacturer requirements, and in the meantime ensure the operation readiness and reliable service provision.

Property development and investment

Despite the property development project is under the planning stage, the Group requires to strictly complies with relevant laws and regulations in relation to building construction, advertising, labelling and consumer protection, such as Construction Law of the PRC《中華人民共和國建築法》, Product Quality Law of the PRC《中華人民共和國產品質量法》, Consumer Protection Law of the PRC《中華人民共和國消費者權益保護法》and the Advertising Law of the PRC《中華人民共和國廣告法》, by safeguarding the quality and safety of property and ensuring that there are no false and misleading messages in our advertisements and promotion activities.

Feedback Management

The Group offers various communication channels, such as telephone hotline, emails and the Company websites, for inquiries and collect suggestions and advice from client. There were no complaints received against our services due to health and safety issues during the Reporting Period.

Data Privacy Protection

With the greater concerns of data privacy in the public, the Group put every effort to protect the data privacy in order to safeguard the corporate interest and comply with the relevant laws and regulations such as CAP. 486 Personal Data (Privacy) Ordinance of HKSAR. The Group outlines the requirements of data privacy in our employee handbook and employee contract and require all our employees to strictly follow and exercise all their due care and diligence when handling the corporate confidential information, including but not limited to trade secrets, employee personal data, client information and financial budgets. For instance, all the confidential information would be used exclusively for matters relating to the Group's operation only. Employees are forbidden to use any confidential Information for their own purpose or for any purpose other than that of the Group and divulge or communicate to any unauthorised persons or parties without consent prior to the Group. Moreover, all the data are securely kept in our internal system with access control to prevent unauthorised information leakage or accidental access, processing, erasure or other use.

During the Reporting Period, the Group did not identify any material non-compliance of the laws and regulations related to the quality of services and data privacy.

Anti-corruption

Sustainable business is built upon the business integrity and the trust of our stakeholders. The Group is committed to upholding a high standard of business ethics and exacts zero tolerance on any forms of bribery and corrupt practices. The Group has established a series of policies of anti-fraud and anti-bribery as part of the exercise of Corporate Governance to create fair and honest corporate culture and comply with the applicable laws and regulations such as the CAP.201 Prevention of Bribery Ordinance of HKSAR, the Criminal Law of the PRC (《中華人民共和國刑法》), and the Regulations of the PRC for Suppression of Corruption (《中華人民共和國懲治貪污條例》). For instance, our employees are strictly prohibited to accept and/or solicit, directly or indirectly, any benefits (e.g. gifts, entertainment and commissions) from our business partners and clients or abuse their power of position in undertaking personal advantages in our business dealings.

The Group encourages our employees and other parties to report any suspected unlawful misconducts and irregularities in good faith through our established reporting channel. In case of reported case received, our Audit Committee will undergo the investigation to verify the reported case. To protect the whistle-blowers against any reprisal and victimisation, the Group strictly keeps the identity of whistle blower together with the reported information in confidential manner. Our Audit Committee will depend on the case seriousness and consider if the Group engages external consultant for investigation and report to relevant authorities for further handling.

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

Our Environmental Stewardship

With the increasingly public concerns on the global environmental issues (e.g. climate change, resource scarcity and loss of biodiversity), the Group recognises that maintaining our long-term business growth is built upon the environmental sustainability. We are dedicated to fulfilling our environment stewardship and protecting our environment by actively minimising the emissions to the environment, utilising the resources in responsible manners and increasing the environmental awareness of our employees.

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

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

Air Emission

With respect to the service provision of chartered vessels for the transportation of dry bulk cargoes, it is in inevitably emitted Nitrogen Oxides (NOx) and Sulphur Oxides (SOx) due to the fuel combustion for vessel transportation. Hence, the Group has been paying close attention to ensure the air emission of the Group's owned vessels can comply with the emission standard under the international convention and applicable laws and regulation where the regions operate in.

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

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

	Unit	2019/20
Nitrogen oxides (NOx)	kg	2,192,832.57
Sulphur oxides (SOx)	kg	1,881,673.08
Particulate matter (PM)	kg	151,672.32

Waste Management

Hazardous Waste

Certain amount of hazardous waste, such as waste oil rag and waste engine oil are generated in the vessel operation and maintenance. Such kind of waste are properly sorted and stored in a designated container to prevent leakage and mixing up with non-compatible waste. The disposal of hazardous waste is the responsibility of our contactor of vessel operation and the waste is consigned to licensed waste collectors for handling and treatment. We also ensure that our contractor has arranged adequate training for the seafarers on the safety procedures of hazardous waste handling and the emergency response plans.

A limited amount of hazardous waste (e.g. toners) are produced in our office operation. All the used toner cartridges are collected by the service provider for recycling.

	Unit	2019/20
Toners	piece	12

Non-hazardous Waste

The non-hazardous wastes generated in our operation are mainly domestic waste, among which, recyclable wastes, such as paper, glass bottles and plastics are properly segregated and consigned to the property management company for recycling or disposal. The Group has taken measures to reduce waste generation throughout our operation. For instance, we reduce paper usage by duplex printing, reuse the single-sided printing paper and frequent use of electronic information systems for material sharing or internal administrative documents. We encourage minimal consumption of single-use disposable items and paper towels in the workplaces.

	Unit	2019/20
Domestic waste	kg	5,200

Use of Resources

The Group endeavours to adopt the 4R principles ("Reduce", "Reuse", "Replace" and "Recycle") to trim down the use of electricity, water, paper, and other materials throughout our daily operation in achieving green operation. We also instil the consciousness of resources conservation and environmental protection into our employees and business partners, with an aim to join hands to minimise the adverse environmental impacts on our planet when carrying out the business activities.

Energy use and greenhouse gas emission management

The main types of energy consumption of the Group are fuel oil and electricity. To properly manage our energy consumption and hence reduce the greenhouse gas ("GHG") emission throughout our operation, the Group has initiated policies to energy saving through technology and equipment upgrade and increasing the environmental awareness of our employees in our daily operation.

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

- Maintain indoor temperature at an energy-efficient level 24–26 degree Celsius for comfort;
- Provide on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;
- Encourage employees to switch off machines and devices, such as computers and monitors when they leave or not in use;
- Procure energy efficient electrical appliances (such as those with Grade 1 energy label);
- Adopt video conference calls to avoid unnecessary business-related travel;
- Encourage our employees to use public transportation instead of driving to the offices;
- Attach "Green Message" reminders on office equipment and workplace to further enhance employees' environmental awareness;
- Retrofit lights to more energy efficient lights, such as LED and T5 fluorescent lamp in our offices; and
- Replace the old aged air handling unit and other office equipment to more energy efficient models to reduce electricity use.

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

Energy Consumption[1]	**Unit**	**2019/20**
Fuel Oil	Metric Tonne ("MT")	26,892.42
Marine Gas Oil	MT	767.69
Total	MT	27,660.11

GHG Emission	**Unit**	**2019/20**
Total GHG emission	tonne of carbon dioxide equivalent ("tCO_2e")	89,600.76

Water Consumption

The water consumption is mainly come from the domestic use of water in our daily office operation. With respect to water conservation, we encourage all employees to develop the habit of conserving water consciously. Pantry and washrooms are posted with water saving signage to remind employees the importance and urgency of water conservation. Meanwhile, the utility facilities are maintained regularly for service to prevent water leakage.

During the Reporting Period, the Group did not face any problem in sourcing water that is fit for purpose as all water consumed in our offices is directly supplied by the local water supplies authorities. Moreover, the water charges of our Hong Kong and PRC offices are borne by the landlord and thus there was no available water consumption data for information disclosure.

Paper Consumption

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

	Unit	**2019/20**
Paper	kg	167.65

The Environment and Natural Resources

Shipping drives the global trade and meanwhile inevitably generates negative impacts on the marine environment. Without proper vessel maintenance and operation, the vessel shipping can potentially cause the adverse impacts on the marine environment (e.g. oil and chemical spills, pollution due to the historical use of antifoulants, risk of ship grounding or sinking and releases of ballast water containing aquatic invasive species etc.) and threaten the marine biodiversity and natural resources. As such, the Group has adopted the planned maintenance system and carried out regular maintenance for all our vessels through our contractor, who plan, perform and document vessel maintenance at intervals complying with Class and manufacturer requirements. This approach can enable us not only to ascertain the safety and reliability of vessels, but also effectively reduce the risk of environmental and safety incidents occurrence.

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

Our awarded certificates are summarised as below:

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

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

Our Community

The Group actively strives to making a better society through our active involvement in the community, putting the best effort and resources in helping the local communities and people in needs through multiple channels including social support, community services and sponsorship programs.

Social Support

Given that the Group's principal business is related to the shipping industry, we are devoted to proactively participate in the industry activities and forums organised by Hong Kong Shipowners Association ("HKSOA") so as to promote the development of the environmental sustainability along the sector and minimise the environmental impact caused by the shipping and logistics industry.

We participated in a delegation visit organised by HKSOA to Shanghai, Ningbo and Zhoushan, and Beijing in June 2019 and September 2019 respectively. During the visit, we exchanged the viewpoints with the Mainland authorities, industry peers and training institutions related to the Greater Bay Area development, free trade zone, the compliance of bunker supply and the relevant maritime policies, regulatory, technical and environmental issues of concerns to the Hong Kong maritime community.

The Group's participation in the delegation visit to Shanghai, Ningbo and Zhoushan in June 2019 with HKSOA

We took part in the annual Cocktail Reception and International Chamber of Shipping (China) Liaison Office Launch Ceremony organised by HKSOA

During the Reporting Period, the Group also made donation to Hong Kong Port Welfare Committee (港口福利事務委員會) for which supporting the operating expenses of the Seamen's Club and Church managed by Hong Kong Port Welfare Committee, in order to offer various activities to the crews in Hong Kong and seafarers who are passing by Hong Kong.

Community Services and Sponsorship Programs

In support to the spirit of Pok Oi Hospital in providing quality medical and social services to the community at large, the Group has actively participated in various charitable and fund-raising activities organised by Pok Oi Hospital during the Reporting Period. We donated a total amount of HKD220,000 in the name of the Company to Pok Oi Hospital in 2019/20, which served as part of our community-care effort, to help Pok Oi Hospital in providing better service to more people in need and share our love and care for the community.

The Group took part in the event of "Pok Oi Cheering Golf Day 2019" organised by Pok Oi in the Hong Kong Golf Club at Fanling in August 2019 and the "Pok Oi Charity Show" in March 2020, to raise funds for Pok Oi Hospital operational development and social service provision.

Pok Oi Cheering Golf Day 2019

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

Performance Data Summary

Environmental Performance

	Unit	2019/20
Emission[1]		
Nitrogen oxides (NOx)	kg	2,192,832.57
Sulphur oxides (SOx)	kg	1,881,673.08
Particulate matter (PM)	kg	151,672.32
Total GHG emission[2]	tCO_2e	89,600.76
Hazardous waste (Toner)[3]	piece	12
Non-hazardous waste (Domestic waste)[4]	kg	5,200
Resources use[5]		
Energy		
— Fuel oil	MT	26,892.42
— Marine gas oil	MT	767.69
Paper[6]	kg	167.65

Social Performance

	Unit	2019/20
Employee profile[7]		
Total workforce	Number	102
Employees by gender		
Male	Number	93
Female	Number	9
Employees by employment contract		
Permanent contract	Number	20
Fixed-term contract	Number	82
Employees by age[8]		
Under 30	Number	3
Age 30–50	Number	12
Over age 50	Number	5
Employees by employment type		
Full-time	Number	102
Part-time	Number	0
Employees by employee category		
Senior staff	Number	14
Middle staff	Number	26
General staff	Number	62
Employees by geographical region[9]		
Hong Kong	Number	11
PRC	Number	9
Turnover[10]		
Total turnover	Number	3
Turnover rate	%	14.6
By gender[10]		
Male	%	18.2
Female	%	11.1
By age[10]		
Under 30	%	33.3
Age 30–50	%	16.7
Over age 50	%	0
By geographical region[10]		
Hong Kong	%	18.2
PRC	%	11.1
Occupational health and safety (OHS)		
Number of work-related fatalities	Number	0
Rate of work-related fatalities	%	0
Lost days due to work injuries	Day	0

Notes:

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

2. The figure is calculated with reference to 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

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

4. The figure only covers the office operation of the business of chartering out of dry bulk vessels in Hong Kong and it is estimated based on the following information:
   The amount of daily waste generation: 20kg; and
   The number of working days for 2019/20: 260.

5. The electricity and water charges of our Hong Kong and PRC offices are borne by the landlord. The electricity and water consumption data are not available. Due to the Group's business nature, no package materials are consumed during our business activities and hence there is no available data for information disclosure.

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

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

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

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

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

The Stock Exchange ESG Reporting Guide Index

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

ESG Reporting Guide		Section/Explanation
A2 Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environmental Stewardship — Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environmental Stewardship — Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our Environmental Stewardship — Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Performance Data Summary
A3 The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environmental Stewardship — The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environmental Stewardship — The Environment and Natural Resources

ESG Reporting Guide		Section/Explanation
B1 Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Employees — Employment and Labour Standard
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary
B2 Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Employees — Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Performance Data Summary
KPI B2.2	Lost days due to work injury.	Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Performance Data Summary
B3 Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Employees — Development and Training

ESG Reporting Guide		Section/Explanation
B4 Labour Standard		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Employees — Employment and Labour Standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Employees — Employment and Labour Standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Employees — Employment and Labour Standard
B5 Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	Operating Practices — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Operating Practices — Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operating Practices — Supply Chain Management

ESG Reporting Guide		Section/Explanation
B6 Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices — Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No applicable to the Group
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No products and service related complaints received during the Reporting Period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	No applicable to the Group, as no intellectual property rights are under registered by the Group
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices — Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices — Product Responsibility
B7 Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices — Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating Practices — Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practices — Anti-corruption

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

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Great Harvest Maeta Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 87 to 150, which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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.

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Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters identified in our audit are as follows:

- Impairment of vessels
- Valuation of investment properties

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter

Impairment of vessels

Refer to Notes 4(c) and 13 to the consolidated financial statements.

As at 31 March 2020, the aggregated carrying value of the Group's four vessels was US$50.1 million, and the impairment loss totalling US$6.3 million was recognised for the year ended 31 March 2020.

Management regards each individual vessel as a separately identifiable cash-generating unit ("CGU"). Following a review of the business and the outlook for the industry, management considered that there are impairment indicators and carried out an impairment assessment of the vessels.

The recoverable amount of the vessels is based on higher of fair value less costs of disposal and value-in-use. Management determined the value-in-use by estimating the discounted cash flow projections approved by the board of directors covering the remaining useful lives of the vessels.

We focused on this area because significant estimations were involved in determining the recoverable amount of the vessels, such as daily charter hire growth rates, inflation rates of operating expense, general and administrative expenses, pre-tax discount rates and the length of time and severity of the impact of COVID-19 with reference to the business and industry circumstances.

Our procedures in relation to the Group's impairment of vessels included:

- Assessing the value in use calculation methodology adopted by management;
- Challenging the reasonableness of key assumptions such as daily charter hire growth rates, inflation rates of operating expense, general and administrative expenses, pre-tax discount rates and the length of time and severity of the impact of COVID-19 with reference to the business and industry circumstances;
- Reconciling input data to supporting evidence, such as approved forecasts of future profits and strategic plans;
- Considering the reasonableness of the forecasts of future profits and strategic plans by comparing them against past results achieved and external sources of information of general market condition; and
- Performing sensitivity analysis over the key assumptions by reference to our knowledge of the business and industry;

We found the management's judgements and assumptions used in the impairment assessment to be reasonable based on the available evidence.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to Notes 4(d) and 14 to the consolidated financial statements.	
Management has estimated the fair value of the Group's investment properties to be US$66.3 million at 31 March 2020, with a fair value gain of US$4.0 million for the year ended 31 March 2020 recorded in the consolidated statement of comprehensive income. The Group's investment properties are carried at fair value based on the valuations performed by independent firm of qualified professional valuer. The valuations have been arrived at using direct comparison approach. The valuations are dependent on certain key assumptions that require significant management judgement, including location adjustment, size adjustment, land use right adjustments and time adjustment. We focused on this area due to its significance to the consolidated financial statements and the significant estimations involved in determining the valuation of the investment properties.	Our procedures in relation to management's valuation of investment properties included: • Evaluation of the independent external valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry and using our in-house valuation experts; and • Checking on a sample basis the accuracy and relevance of the input data used. We found that the assumptions and estimates made by the management in relation to the valuation was supported by the available audit evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	2020 US$'000	2019 US$'000
Revenue	5	12,225	16,402
Cost of services	7	(10,426)	(9,699)
Gross profit		1,799	6,703
Other gains/(losses) — net	6	3,962	(649)
Other income		17	107
General and administrative expenses	7	(2,580)	(3,007)
(Impairment losses)/reversal of impairment losses on property, plant and equipment	13	(6,320)	13,000
Operating (loss)/profit		(3,122)	16,154
Finance income	8	1	5
Finance costs	8	(5,864)	(5,905)
Finance costs — net		(5,863)	(5,900)
(Loss)/profit before income tax		(8,985)	10,254
Income tax expense	10	(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	11(a)	(US1.07 cents)	US1.07 cents
— Diluted (loss)/earnings per share	11(b)	(US1.07 cents)	US1.06 cents

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

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	13	**50,197**	57,895
Investment properties	14	**66,336**	65,701
Pledged deposit	16	**500**	—
Pledged bank deposits	17	**2,144**	2,031
		119,177	125,627
Current assets			
Trade and other receivables	16	**3,235**	1,674
Pledged bank deposits	17	**913**	4,109
Cash and cash equivalents	17	**266**	2,597
		4,414	8,380
Total assets		**123,591**	134,007
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	**1,221**	1,221
Reserves	20	**19,644**	31,892
		20,865	33,113
Non-controlling interest		**4,019**	3,988
Total equity		**24,884**	37,101

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 US$'000	2019 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans	21	**16,987**	18,893
Convertible bonds	23	**48,347**	43,975
Deferred income tax liabilities	22	**15,814**	15,615
		81,148	78,483
Current liabilities			
Other payables and accruals	24	**7,455**	6,495
Borrowings and loans	21	**10,104**	11,928
		17,559	18,423
Total liabilities		**98,707**	96,906
Total equity and liabilities		**123,591**	134,007

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

The consolidated financial statements on pages 87 to 150 were approved by the Board of Directors on 29 June 2020 and were signed on its behalf.

Yan Kim Po
Director

Lam Kwan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Convertible bonds US$'000	Share option reserve US$'000	Merger reserve (Note 20(a)) US$'000	Other reserves (Note 20(b)) US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2018	1,188	47,752	38,954	1,096	(63,808)	13,636	(567)	(18,919)	19,332	4,290	23,622
Comprehensive (loss)/income											
Profit for the year	—	—	—	—	—	—	—	10,090	10,090	(18)	10,072
Other comprehensive loss											
Currency translation differences	—	—	—	—	—	—	(2,865)	—	(2,865)	(284)	(3,149)
Total comprehensive (loss)/income	—	—	—	—	—	—	(2,865)	10,090	7,225	(302)	6,923
Transactions with owners in their capacity as owners											
Employee share option scheme:											
— Exercise of share options	8	1,336	—	(388)	—	—	—	—	956	—	956
Conversion of convertible bond	25	5,575	—	—	—	—	—	—	5,600	—	5,600
Balance at 31 March 2019	1,221	54,663	38,954	708	(63,808)	13,636	(3,432)	(8,829)	33,113	3,988	37,101

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Net cash generated from operating activities	25(a)	**2,399**	8,117
Cash flows from investing activities			
Addition of investment properties		—	(42)
Purchase of property, plant and equipment		**(2,093)**	—
Interest received		**1**	5
Net cash used in investing activities		**(2,092)**	(37)
Cash flows from financing activities			
Exercise of share options	19(ii)	—	956
Interest paid		**(1,078)**	(2,534)
Increase in loan from ultimate holding company		**2,800**	—
Inception of borrowings from a financial institution		**4,206**	—
Repayments of bank borrowings		**(11,150)**	(5,600)
Increase in pledged bank deposits		**2,583**	642
Net cash used in financing activities		**(2,639)**	(6,536)
Net (decrease)/increase in cash and cash equivalents		**(2,332)**	1,544
Cash and cash equivalents at beginning of year		**2,597**	1,054
Exchange gain/(losses) on cash and cash equivalents		**1**	(1)
Cash and cash equivalents at end of year	17	**266**	2,597

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements.

2.1.1 Going concern basis

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.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

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.

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;

(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;

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

(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. The new accounting policies are disclosed in Note 2.24.

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.

2.2 Subsidiaries

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

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

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

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

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

Changes in ownership interests

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

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

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

2.3 Business combinations

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

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

2 Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

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

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

2.4 Separate financial statements

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

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

2 Summary of significant accounting policies (Continued)

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2 Summary of significant accounting policies (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies (Continued)

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

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

2.7 Property, plant and equipment

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

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

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

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

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

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

2 Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment (Continued)

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

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

2.8 Investment properties

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

2.9 Impairment of non-financial assets

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

2 Summary of significant accounting policies (Continued)

2.10 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

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

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) — net in the period in which it arises.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) — net in the consolidated statement of comprehensive income as applicable.

(iv) Impairment

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

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

2 Summary of significant accounting policies (Continued)

2.11 Offsetting financial instruments

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

2.12 Trade and other receivables

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

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

2.13 Cash and cash equivalents

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

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Trade and other payables

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

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

2 Summary of significant accounting policies (Continued)

2.16 Borrowings

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

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

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

2.17 Borrowing costs

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

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

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

2.18 Convertible bonds

Convertible bonds with equity component

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

2 Summary of significant accounting policies (Continued)

2.18 Convertible bonds (Continued)

Convertible bonds with equity component (Continued)

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

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

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 Summary of significant accounting policies (Continued)

2.19 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

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

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

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Employee benefits

(a) Short-term obligations

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

(b) Retirement benefit obligations

The Group operates the defined contribution pension plans.

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

2 Summary of significant accounting policies (Continued)

2.20 Employee benefits (Continued)

(b) Retirement benefit obligations (Continued)

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

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

(c) Profit-sharing and bonus plans

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

2.21 Share-based payments

(a) Equity-settled share-based payment transactions

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

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

2 Summary of significant accounting policies (Continued)

2.21 Share-based payments (Continued)

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

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

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

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

(b) Share-based payment transactions among group entities

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

2.22 Provisions

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

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

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

2 Summary of significant accounting policies (Continued)

2.23 Revenue recognition

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

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

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

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

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

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

Revenue from chartering of vessels

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

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

2 Summary of significant accounting policies (Continued)

2.23 Revenue recognition (Continued)

Revenue from chartering of vessels (Continued)

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

2.24 Leases

As explained in Note 2.1.4 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2.1.4.

Until 31 March 2019, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the group under residual value guarantees,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2 Summary of significant accounting policies (Continued)

2.24 Leases (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

The carrying amounts of the Company's current financial assets, including cash and cash equivalents, trade and other receivables and amounts due from subsidiaries and fellow subsidiaries, and current financial liabilities, including trade and other payables, amounts due to fellow subsidiaries and loans from fellow subsidiaries, are carried at fair value.

2 Summary of significant accounting policies (Continued)

2.25 Interest income

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

3 Financial risk management

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

The financial assets and liabilities of the subsidiaries of the Group in HK and the People's Republic of China (the "PRC") are primarily denominated in US$ and RMB, respectively. As US$ is pegged with HK$ under the Linked Exchange Rate System, the Group does not have significant foreign currency transactions and balances. Foreign currency sensitivity analysis is not presented.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk arising from convertible bonds (Note 23). The Group is also exposed to cash flow interest risk arising from floating rate bank borrowings (Note 21), net-off by bank deposits.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of London Interbank Offered rate ("LIBOR") arising from the Group's variable-rate bank borrowings.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

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

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

As at 31 March 2020, if interest rates on bank borrowings had been fluctuated by 30 basis points with all other variables held constant, the Group's post-tax loss for the year would have been affected by US$49,000 (2019: US$70,000), mainly as a result of fluctuation on interest expenses on floating rate bank borrowings.

(b) Credit risk

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

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

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

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

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

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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

Management reviews the recoverable amount of each individual trade receivable regularly, if any, to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced. The loss allowance provision as at 31 March 2020 and 2019 is illustrated as below:

	Lifetime expected loss rate	Gross carrying amount US$'000	Lifetime expected credit loss US$'000	Net carrying amount US$'000
As at 31 March 2020				
Individual assessment	**100%**	**31**	**(31)**	**—**
Collective assessment				
Current		**—**	**—**	**—**
1 to 30 days past due	**0%**	**694**	**—**	**694**
31 to 60 days past due	**0%**	**14**	**—**	**14**
61 to 365 days past due	**0%**	**46**	**—**	**46**
		754	**—**	**754**
As at 31 March 2019				
Individual assessment	100%	31	(31)	—
Collective assessment				
Current		—	—	—
1 to 30 days past due	0%	344	—	344
31 to 60 days past due	0%	394	—	394
61 to 365 days past due	0%	33	—	33
		771	—	771

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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

(c) Liquidity risk

The amount of net current liabilities of the Group is approximately US$13,145,000 as at 31 March 2020, which causes the Group in significant liquidity risk. At the end of the reporting period, the Group has taken appropriate measures as set out in Note 2.1.1 to mitigate such liquidity risk.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	US$'000	US$'000	US$'000	US$'000
At 31 March 2020				
Borrowings and loans	**10,104**	**7,536**	**9,451**	**27,091**
Interest on borrowings and loans	**913**	**788**	**261**	**1,962**
Convertible bonds and interest payable	—	**54,000**	—	**54,000**
Other payables and accruals	**7,224**	—	—	**7,224**
At 31 March 2019				
Borrowings and loans	11,928	8,881	10,013	30,822
Interest on borrowings and loans	673	929	572	2,174
Convertible bonds and interest payable	—	—	54,000	54,000
Other payables and accruals	6,225	—	—	6,225

3 Financial risk management (Continued)

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debts are calculated as total borrowings and convertible bonds. As at 31 March 2020, the gearing ratio is 61.0% (2019: 55.8%).

3.3 Fair value estimation

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

The fair value of the bank borrowing as at 31 March 2020 approximate its carrying amount as it bears interest at floating rates that are market dependent.

4 Critical accounting estimates and judgements

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

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

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

4 Critical accounting estimates and judgements (Continued)

(a) Current and deferred income taxes

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

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

For the years ended 31 March 2020 and up to the date of these financial statements, the Inland Revenue Department ("IRD") of Hong Kong is in the process of reviewing the tax affairs of a subsidiary of the Group and has issued estimated assessments from year of assessments 2010/11 to 2013/14.

After taking into account the up-to-date developments of IRD's review, the directors of the Company are of the opinion 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 directors have been closely monitoring the status of IRD's review and will revise their expectations when preparing future financial statements in the future periods if deem necessary and appropriate.

(b) Impairment of financial assets

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

(c) Impairment of non-financial assets

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

— property, plant and equipment

— investments in subsidiaries

4 Critical accounting estimates and judgements (Continued)

(c) Impairment of non-financial assets (Continued)

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

(d) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 14.

5 Segment information

Management has determined the operating segments based on the reports reviewed by the 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.

5 Segment information (Continued)

(a) Segment revenue, results and other information

	Chartering of vessels US$'000	Property investment and development US$'000	Others US$'000	Total US$'000
Year ended 31 March 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

5 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 US$'000	2019 US$'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 contributed 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) (Note 24).

6 Other gains/(losses) — net

	2020 US$'000	2019 US$'000
Fair value gains/(losses) on:		
— Investment properties (Note 14)	**3,962**	730
— Convertible bonds — derivative component (Note 23)	**—**	(1,379)
	3,962	(649)

7 Expenses by nature

	2020 US$'000	2019 US$'000
Depreciation of property, plant and equipment (Note 13)	**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) (Note 9)	**1,397**	1,507

8 Finance costs — net

	2020 US$'000	2019 US$'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 (Note 23)	**4,372**	4,083
	5,864	5,905
Finance costs — net	**5,863**	5,900

9 Employee benefit expense

	2020 US$'000	2019 US$'000
Fee, salaries and other benefits	**1,363**	1,453
Post-employment benefit — defined contribution plans	**34**	54
	1,397	1,507

9 Employee benefit expense (Continued)

Five highest paid individuals

Of the five individuals with the highest remunerations in the Group, three (2019: three) were directors of the Company whose emoluments are reflected in analysis shown in Note 30. The emoluments of the remaining two (2019: two) individuals were as follows:

	2020 US$'000	2019 US$'000
Fee, salaries and other benefits	273	301
Post-employment benefit — defined contribution plans	5	5
	278	306

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
HK$500,000 to HK$1,000,000 (equivalent to US$64,103 to US$128,205)	1	1
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,206 to US$192,308)	1	1

No emoluments were paid or payable to the directors and above highest paid individuals as an inducement to join the Group during the years ended 31 March 2020 and 2019.

10 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 US$'000	2019 US$'000
Current income tax		
— Hong Kong profits tax	—	—
Deferred income tax (Note 22)	991	182
Income tax expense	991	182

10 Income tax expense (Continued)

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

	2020 US$'000	2019 US$'000
(Loss)/profit before income tax	(8,985)	10,254
Calculated at taxation rate of 16.5% (2019: 16.5%)	(1,482)	1,691
Effect of different tax rate in of domestic and overseas entities	304	(1)
Income not subject to tax	(2,017)	(4,851)
Expenses not deductible for tax purposes	3,881	2,953
Tax losses not recognised	305	390
Income tax expense	991	182

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets in respect of losses amounting to US$13,973,000 (2019: US$12,452,000). Included in unused tax losses are losses of approximately US$1,917,000 (2019: US$1,658,000) that will expire in 1 to 5 years, while the remaining tax losses of US$12,056,000 (2019: US$10,794,000) are without expiry date.

11 (Loss)/earning 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 US$'000	2019 US$'000
(Loss)/profit attributed to owners of the Company	(10,209)	10,090

	2020 Number	2019 Number
Weighted average number of shares (thousands)	952,514	941,901

(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.

11 (Loss)/earning per share (Continued)

(b) Diluted (loss)/earnings per share (Continued)

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

12 Dividends

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

13 Property, plant and equipment

	Vessels	Office equipment	Motor vehicles	Leasehold Improvement	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 April 2018					
Cost	183,838	58	119	29	184,044
Accumulated depreciation	(60,126)	(22)	(24)	(9)	(60,181)
Accumulated impairment losses	(75,957)	—	—	—	(75,957)
Net book amount	47,755	36	95	20	47,906
Year ended 31 March 2019					
Opening net book amount	47,755	36	95	20	47,906
Reversal of impairment loss	13,000	—	—	—	13,000
Depreciation charge (Note 7)	(2,957)	(9)	(27)	(9)	(3,002)
Exchange Reserve	—	(2)	(6)	(1)	(9)
Closing net book amount	57,798	25	62	10	57,895
At 31 March 2019					
Cost	183,838	55	111	27	184,031
Accumulated depreciation	(63,083)	(30)	(49)	(17)	(63,179)
Accumulated impairment losses	(62,957)	—	—	—	(62,957)
Net book amount	57,798	25	62	10	57,895
Year ended 31 March 2020					
Opening net book amount	**57,798**	**25**	**62**	**10**	**57,895**
Addition	**2,093**	**—**	**—**	**—**	**2,093**
Impairment loss	**(6,320)**	**—**	**—**	**—**	**(6,320)**
Depreciation charge (Note 7)	**(3,425)**	**(7)**	**(26)**	**(9)**	**(3,467)**
Exchange Reserve	**—**	**(1)**	**(3)**	**—**	**(4)**
Closing net book amount	**50,146**	**17**	**33**	**1**	**50,197**
At 31 March 2020					
Cost	**185,931**	**53**	**106**	**26**	**186,116**
Accumulated depreciation	**(66,508)**	**(36)**	**(73)**	**(25)**	**(66,642)**
Accumulated impairment losses	**(69,277)**	**—**	**—**	**—**	**(69,277)**
Net book amount	**50,146**	**17**	**33**	**1**	**50,197**

13 Property, plant and equipment (Continued)

Depreciation expenses of approximately US$3,425,000 (2019: US$2,957,000) and US$42,000 (2019: US$45,000) have been charged in 'cost of services' and 'general and administrative expenses' respectively.

As at 31 March 2020, the Group's vessels of US$50,146,000 (2019: US$57,798,000) were pledged as security for bank borrowings (Note 21).

The impairment loss of vessels amounting to US$6,320,000 have been recorded for the year ended 31 March 2020. In assessing the impairment loss, internal and external sources of information are considered. These include the impact of COVID-19, decreasing trend in market index, decreasing trend in fair value of vessels and the performance of the Group's vessels.

In assessing the fair market value and value-in-use, the information above as well as market valuations from leading, independent and internationally recognised shipbroking companies are considered. Each of the Group's dry bulk vessel is a cash generating unit ("CGUs"). The value-in-use of the vessels is assessed based on assumptions and estimates of vessel future earnings and appropriate pre-tax discount rates to derive the present value of those earnings. The discount rates used are based on the industry sector risk premium relevant to the CGU and the applicable gearing ratio of the CGU.

Key assumptions adopted in value-in-use calculation were as follows:

	2020
Average growth rate of daily charter hire rate in five-year period	**6%**
Annual growth rate of daily charter hire rate beyond the five-year period until the end of the useful life of the vessels	**3%**
Inflation rate of operating, administrative and general expenses	**1%–2%**
Discount rate	**8%**

Sensitivity analysis on key assumptions were as follows:

Inputs	**Relationship of unobservable inputs to impairment loss**
Average growth rate of daily charter hire rate	Decrease in growth rate of daily charter hire rate by 1% would increase the impairment loss by US$4,469,000.
Inflation rate of operating, administrative and general expenses	Increase in inflation rate by 1% would increase the impairment loss by US$3,210,000.
Discount rate	Increase in discount rate by 1% would increase the impairment loss by US$3,723,000.

14 Investment properties

	2020 US$'000	2019 US$'000
At fair value		
Opening net book amount	**65,701**	69,528
Additions	**—**	42
Fair value gain (Note 6)	**3,962**	730
Exchange difference	**(3,327)**	(4,599)
Closing net book amount	**66,336**	65,701

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

As at 31 March 2020, the Group had no significant unprovided contractual obligations for future repairs and maintenance (2019: Nil).

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

The fair value measurement information for these investment properties is in accordance with HKFRS 13 based on significant unobservable inputs (level 3) as at 31 March 2020 and 2019.

Valuation processes of the Group

The Group's investment properties were valued at 31 March 2020 and 2019 by an independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

Discussions of valuation processes and results are held between the chief financial officer and the valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 March 2020, the fair values of the properties have been determined by Vincorn Consulting & Appraisal Limited (2019: Hong Kong Appraisal Advisory Limited).

14 Investment properties (Continued)

Valuation techniques

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

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

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

There were no changes in valuation methodologies during the year.

15 Subsidiaries

The following is a list of principle subsidiaries as at 31 March 2020:

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

16 Trade and other receivables

	2020 US$'000	2019 US$'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 (Note 28)	**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) was pledged as security for loan from a financial institution of US$3,495,000. The deposit bears interest at 1.5% per annum.

16 Trade and other receivables (Continued)

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

	2020 US$'000	2019 US$'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. Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in Note 3.1(b).

17 Cash and bank balances

	2020 US$'000	2019 US$'000
Current		
Pledged bank deposits	**913**	4,109
Cash at bank and on hand	**266**	2,597
	1,179	6,706
Non-current		
Pledged bank deposits	**2,144**	2,031
Cash and bank balances	**3,323**	8,737
Cash and cash equivalents	**266**	2,597

17 Cash and bank balances (Continued)

The cash and cash equivalents amounted to US$266,000 (2019: US$2,597,000) for the purpose of the consolidated statement of cash flows. The carrying values of the cash and bank balances approximate their fair values.

As at 31 March 2020, the Group's bank deposits of US$3,057,000 (2019: US$6,140,000) were pledged as security for bank borrowings of the Group. Among the pledged bank deposits, US$913,000 (2019: US$4,109,000) are of restricted use for daily operation subject to the approval from a bank. In case of default under the loan agreements, the bank has the right to seize the pledged bank deposits.

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

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

	2020 US$'000	2019 US$'000
United States dollar	3,314	8,661
Hong Kong dollar	9	72
Renminbi	—	4
	3,323	8,737

18 Share capital

	2020		2019	
	Number of shares (thousands)	Amount HK$'000	Number of shares (thousands)	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	4,000,000	40,000	4,000,000	40,000

18 Share capital (Continued)

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital US$'000
At 1 April 2018	926,370	1,188
Conversion of convertible bond	19,764	25
Exercise of share options	6,380	8
At 31 March 2019, 1 April 2019 and 31 March 2020	952,514	1,221

19 Share option scheme

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

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

Date of grant	Exercise price HK$	Expiry date	Number of option (thousands) 2020	2019
21 October 2011	1.15	20 October 2021	**6,200**	6,200
30 April 2015	1.20	29 April 2025	**4,950**	4,950
Total share options			**11,150**	11,150

19 Share option scheme (Continued)

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

	2020		2019	
	Weighted average exercise price in HK$ per share option	**Number of options (thousands)**	Weighted average exercise price in HK$ per share option	Number of options (thousands)
At 1 April	**1.17**	**11,150**	1.17	17,530
Granted	**—**	**—**	—	—
Exercised	**—**	**—**	1.17	(6,380)
Lapsed	**—**	**—**	1.17	—
At 31 March	**1.17**	**11,150**	1.17	11,150

The outstanding options were vested and exercisable. No options exercised during the year ended 31 March 2020.

20 Reserves

(a) Merger reserve

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

(b) Other reserves

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

21 Borrowings and loans

	2020 US$'000	2019 US$'000
Non-current		
— Bank borrowings (Note i)	**10,013**	12,869
— Loan from a financial institution (Note i)	**2,512**	—
— Loan from ultimate holding company (Note ii)	**4,462**	6,024
	16,987	18,893
Current		
— Bank borrowings (Note i)	**2,857**	10,356
— Loan from a financial institution (Note i)	**983**	—
— Loan from ultimate holding company (Note ii)	**6,264**	1,572
	10,104	11,928

Notes:

(i) The bank borrowings and loan from a financial institution bear interest at floating rates that are market dependent. The carrying amounts of the Group's bank borrowings and loan from a financial institution are denominated in US dollar. The fair value of the bank borrowings and loan from a financial institution approximate their carrying amounts.

(ii) 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 ultimate holding company is denominated in US dollar. The fair value approximates its carrying amount.

As at 31 March 2020, the Group's property, plant and equipment of US$50,146,000 (2019: US$57,798,000) was pledged as security for bank borrowings and loan from a financial institution of the Group.

The Group's borrowings were repayable as follows:

	Loans from ultimate holding company		Loan from a financial institution		Bank borrowings	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Within 1 year	**6,264**	1,572	**983**	—	**2,857**	10,356
Between 1 and 2 years	**4,462**	6,024	**991**	—	**2,083**	2,856
Between 2 and 5 years	**—**	—	**1,521**	—	**7,930**	10,013
	10,726	7,596	**3,495**	—	**12,870**	23,225

22 Deferred income tax

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

	Fair value gains US$'000
At 1 April 2018	16,526
Charged to profit or loss	182
Exchange difference	(1,093)
At 31 March 2019	15,615
Charged to profit or loss	991
Exchange difference	(792)
At 31 March 2020	**15,814**

23 Convertible bonds

	2020 US$'000	2019 US$'000
Non-current		
— Top Build Convertible Bonds (Note)	48,347	43,975

The movements of the liability component and derivative component of the two convertible bonds for the year are set out below:

	Liability component US$'000	Derivative component US$'000	Total US$'000
As at 1 April 2018	43,500	1,221	44,721
Interest expenses (Note 8)	4,083	—	4,083
Fair value loss (Note 6)	—	1,379	1,379
Coupons interest paid	(608)	—	(608)
Conversion of convertible bonds	(3,000)	(2,600)	(5,600)
At 31 March 2019	43,975	—	43,975
As at 1 April 2019	43,975	—	43,975
Interest expenses (Note 8)	4,372	—	4,372
At 31 March 2020	48,347	—	48,347

23 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 9 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 profit or loss 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.

24 Other payables and accruals

	2020	2019
	US$'000	US$'000
Other payables and accruals	**1,390**	447
Contract liabilities	**165**	232
Other payables to related companies	**5,900**	5,816
	7,455	6,495

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

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

	2020	2019
	US$'000	US$'000
United States dollar	**1,351**	507
Renminbi	**6,104**	5,988
	7,455	6,495

25 Notes to consolidated statement of cash flows

(a) Cash generated from operations

	2020 US$'000	2019 US$'000
(Loss)/profit before income tax	(8,985)	10,254
Adjustments for:		
— Finance expenses	5,864	5,905
— Finance income	(1)	(5)
— Depreciation on property, plant and equipment	3,467	3,002
— Fair value changes in convertible bonds — derivative component	—	1,379
— Fair value change in investment properties	(3,962)	(730)
— Provision/(reversal) of impairment losses on property, plant and equipment	6,320	(13,000)
	2,703	6,805
Changes in working capital:		
— Trade and other receivables	(1,568)	299
— Other payables and accruals	1,264	1,013
Cash generated from operating activities	2,399	8,117

(b) Reconciliation of financing liabilities

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

	2020 US$'000	2019 US$'000
Pledged deposit and bank deposits	3,557	6,140
Loan from an ultimate company	(10,726)	(7,596)
Bank Borrowings	(12,870)	(23,225)
Loan from a financial institution	(3,495)	—
Convertible bonds	(48,347)	(43,975)
Financing liabilities	(71,881)	(68,656)
Pledged deposit and bank deposits	3,557	6,140
Gross debt — fixed interests rates	(59,073)	(51,571)
Gross debt — variable interest rates	(16,365)	(23,225)
Financing liabilities	(71,881)	(68,656)

25 Notes to consolidated statement of cash flows (Continued)

(b) Reconciliation of financing liabilities (Continued)

	Pledged deposit and pledged bank deposit	Loan from ultimate company	Convertible bonds	Loan from a financial institution	Bank borrowings	Net cash used in financing activities
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financing liabilities as at 1 April 2018	6,782	(7,737)	(44,721)	—	(28,788)	(74,464)
Cash flows						
— Interest paid	—	448	608	—	1,478	2,534
— Repayment of bank borrowings	—	—	—	—	5,600	5,600
— Decrease in pledged bank deposit	(642)	—	—	—	—	(642)
Other non-cash movement	—	(307)	138	—	(1,515)	(1,684)
Financing liabilities as at 31 March 2019 and 1 April 2019	6,140	(7,596)	(43,975)	—	(23,225)	(68,656)
Cash flows						
— Interest paid	—	—	—	232	846	1,078
— Increase in loan from ultimate holding company	—	(2,800)	—	—	—	(2,800)
— Inception of borrowings	—	—	—	(4,206)	—	(4,206)
— Repayment of bank borrowings	—	—	—	750	10,400	11,150
— Decrease in pledged other receivables and bank deposit	(2,583)	—	—	—	—	(2,583)
Other non-cash movement	—	(330)	(4,372)	(271)	(891)	(5,864)
Financing liabilities as at 31 March 2020	**3,557**	**(10,726)**	**(48,347)**	**(3,495)**	**(12,870)**	**(71,881)**

26 Contingent liabilities

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

27 Commitments

(a) Capital commitments

At 31 March 2020, capital expenditure contracted for but not yet incurred is as follows:

	2020 US$'000	2019 US$'000
Investment properties	**263**	277

(b) Operating lease commitments — as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

The Group lease a property under non-cancellable operating lease agreement. The lease commitment as at 31 March 2019 presented below represents the future aggregate minimum lease payments under all non-cancellable operating leases.

From 1 April 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 2.1.4 for further information.

	2019 US$'000
Office premise	
Not later than one year	425
Later than 1 year and no later than 5 years	9
	434

(c) Operating lease commitments — as lessor

At 31 March 2020, the Group has the following future aggregate minimum lease receivables under non-cancellable operating leases in relation to chartering of vessels. There vessels chartering agreements have varying terms ranging from 1 to 3 months:

	2020 US$'000	2019 US$'000
Vessels		
Not later than one year	**4,579**	2,028

28 Related party transactions

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

(a) Significant transactions with related parties

The Group had the following significant transactions with its related companies for the year ended 31 March 2020 and 2019.

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

	2020 **US$'000**	2019 US$'000
Interests on Ablaze Rich Convertible Bonds to ultimate holding company	**—**	107
Interests on loan from ultimate holding company	**330**	307
Rental expenses paid to Toprich (Asia) Limited (Note (i))	**202**	202

Note:

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

28 Related party transactions (Continued)

(b) Balances with related parties

As at years ended 31 March 2020 and 2019, the Group had the following significant balances with its related companies.

	2020 US$'000	2019 US$'000
Other receivables due from related companies controlled by ultimate controlling parties	**8**	8
Loans from ultimate holding company	**(10,726)**	(7,596)
Other payables due to related companies which are ultimately controlled by Mr. Yin Hai (Note (i))	**(3,305)**	(3,477)
Others payables due to a related company controlled by ultimate controlling parties	**(2,595)**	(2,339)

Note:

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

(c) Transactions with key management personnel

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

	2020 US$'000	2019 US$'000
Salaries and other short-term employee benefits	**896**	924
Pension costs — defined contribution plans	**12**	12
	908	936

29 Statement of financial position and reserve movement of the Company

	2020 US$'000	2019 US$'000
ASSETS		
Non-current assets		
Investments in subsidiaries (Note (i))	**81,382**	82,244
Current assets		
Amounts due from subsidiaries (Note (i))	**29,972**	34,730
Trade and other receivables	**66**	70
Cash and cash equivalents	**188**	6
	30,226	34,806
Total assets	**111,608**	117,050
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,221**	1,221
Reserves (Note (ii))	**(7,732)**	4,591
Total equity	**(6,511)**	5,812
LIABILITIES		
Non-current liabilities		
Loans from ultimate company	**4,462**	6,024
Convertible bonds	**48,347**	43,975
	52,809	49,999
Current liabilities		
Loans from ultimate company	**6,264**	1,572
Amounts due to subsidiaries	**59,046**	59,567
Other payables and accruals	**—**	100
	65,310	61,239
Total liabilities	**118,119**	111,238
Total equity and liabilities	**111,608**	117,050

The statement of financial position was approved by the Board of Directors on 29 June 2020 and was signed on its behalf.

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

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

Note:

(i) For the years ended 31 March 2020, US$862,000 and US$6,138,000 were recognised for the impairment provision of investment in subsidiaries and the amounts due from subsidiaries.

(ii) Reserves

	Share premium US$'000	Convertible bonds US$'000	Share option reserve US$'000	Other reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 April 2018	47,752	38,954	1,096	77,443	(120,214)	45,031
Loss for the year	—	—	—	—	(46,963)	(46,963)
Proceeds from shares issued upon exercise of share options	1,336	—	(388)	—	—	948
Proceeds from shares issued upon conversion of convertible bond	5,575	—	—	—	—	5,575
At 31 March 2019 and 1 April 2019	**54,663**	**38,954**	**708**	**77,443**	**(167,177)**	**4,591**
Loss for the year	**—**	**—**	**—**	**—**	**(12,323)**	**(12,323)**
Proceeds from shares issued upon exercise of share options	**—**	**—**	**—**	**—**	**—**	**—**
Proceeds from shares issued upon conversion of convertible bond	**—**	**—**	**—**	**—**	**—**	**—**
At 31 March 2020	**54,663**	**38,954**	**708**	**77,443**	**(179,500)**	**(7,732)**

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

(a) Directors' and chief executive's emoluments

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

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

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

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

The remuneration of every director and the chief executive for the year ended 31 March 2019 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:								
Name	Fees US$'000	Salaries US$'000	Discretionary bonuses US$'000	Housing allowance US$'000	Estimated money value of other benefits US$'000	Employer's contribution to a retirement benefit scheme US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking US$'000	Total US$'000
Executive directors:									
Mr. Yan Kim Po	—	250	—	—	—	2	—	—	252
Ms. Lam Kwan (Note i)	—	208	—	—	—	2	—	—	210
Mr. Cao Jiancheng	—	165	—	—	—	2	—	—	167
Independent non-executive directors:									
Mr. Cheung Kwan Hung	19	—	—	—	—	—	—	—	19
Mr. Chan Chung Bun, Bunny	19	—	—	—	—	—	—	—	19
Mr. Wai Kwok Hung	13	—	—	—	—	—	—	—	13
	51	623	—	—	—	6	—	—	680

None of the directors waived any emoluments during the years ended 31 March 2020 and 2019.

Note:

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

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

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits in respect of their services to the Company and its subsidiaries for the year (2019: Nil).

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

During the year, the Company has not paid any consideration to any third parties for making available directors' services to the Company (2019: Nil).

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

There were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company, where applicable, in favour of the directors, or body corporate controlled by or entities connected with any of the directors at the end of the year or at any time during the year (2019: Nil).

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

Except for the disclosure in Note 28, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, when directly or indirectly, subsisted at the end of the year or at any time during the year.