Great Harvest Maeta Holdings Limited

榮 豐 億 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

Stock code: 3683

2022

Annual Report

CONTENTS

GLOSSARY

"2011 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 and expired on 18 August 2021
"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and was owned as to 51% by Mr. Yan and 49% by Ms. Lam, and is the controlling shareholder of the Company
"Acquisition"	the acquisition of the entire issued share capital of Top Build by the Company from Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the Sale and Purchase Agreement
"All Ages"	All Ages Holdings Limited (萬年控股有限公司), a company incorporated in the BVI on 1 November 2011 and was owned as to 50% by Ms. Lam and as to 50% by Mr. Yan Yui Ham, the son of Mr. Yan and Ms. Lam
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Baltic Dry Index" or "BDI"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"Baltic Panamax Index" or "BPI"	an index of the shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Holdings Limited (榮豐億控股有限公司) (formerly known as 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 Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability

"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
"Director(s)"	director(s) of the Company
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
"EBITDA"	earnings before interest, taxes, depreciation and amortisation, computed to exclude reversal of impairment losses on property, plant and equipment or impairment loss on property, plant and equipment
"Epidemic"	the coronavirus (COVID-19) epidemic
"GH GLORY/ HARMONY Loan"	a term loan for the principal amount of US$14.75 million for the refinancing of the Group's bank borrowings in relation to two vessels owned by the Group, namely GH GLORY and GH HARMONY. The principal amount shall be repayable by quarterly instalments commencing 30 June 2021
"GH POWER Loan"	a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely GH POWER. The principal amount shall be repaid by 14 quarterly instalments commencing three months from 11 April 2019
"Group"	the Company and its subsidiaries
"Hainan Land"	two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC
"HK$" 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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market operated by the Stock Exchange, which excludes the GEM of the Stock Exchange and the options market

GLOSSARY

"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
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China which, for the purposes of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 23 December 2015 entered into between the Company, Mr. Yan, Ms. Lam and Mr. Yin Hai in relation to, among other matters, the Acquisition
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Sfund"	Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong on 11 August 2015, the holder of the Top Build Convertible Bonds
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 18 August 2021
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Top Build"	Top Build Group Ltd. (高建集團有限公司), a company incorporated in the BVI on 24 October 2014 and a wholly-owned subsidiary of the Company

"Top Build Convertible Bonds"	the convertible bonds in the total principal amount of US$54,000,000 due on 10 May 2021 issued by the Company to Mr. Yan, Ms. Lam and Mr. Yin Hai pursuant to the terms and conditions of the Sale and Purchase Agreement
"United States" and "US"	United States of America
"US$" and "US cents"	United States dollars and cents, respectively, the lawful currency of the United States of America

* *for identification purpose only*

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波) *(Chairman)*
Ms. LAM Kwan (林群) *(Chief Executive Officer)*
Mr. CAO Jiancheng (曹建成)
(resigned with effect from 18 August 2021)

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. YAN Kim Po (殷劍波)
(appointed with effect from 18 August 2021)
Mr. WONG Kwok Keung (黃國強)
Ms. LAM Kwan (林群)
(alternate to the authorised representatives)
Mr. CAO Jiancheng (曹建成)
(resigned with effect from 18 August 2021)

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 branch share registrar and transfer office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Admiralty, Hong Kong

Independent auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

Macquarie Bank Limited, London Branch
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

	2022 US$'000	2021 US$'000	2020 US$'000	2019 US$'000	2018 US$'000
Revenue	**21,562**	12,454	12,225	16,402	14,180
Gross profit	**10,574**	1,147	1,799	6,703	5,598
Profit/(loss) attributable to owners of the Company	**24,722**	(3,258)	(10,209)	10,090	(2,771)
EBITDA	**12,314**	4,529	6,666	6,161	5,843
Earnings/(loss) per share attributable to owners of the Company					
— Basic	**US2.60 cents**	(US0.34 cents)	(US1.07 cents)	US1.07 cents	(US0.30 cents)
— Diluted	**US1.92 cents**	(US0.34 cents)	(US1.07 cents)	US1.06 cents	(US0.30 cents)
Assets and liabilities					
Total assets	**153,731**	131,030	123,591	134,007	127,250
Total liabilities	**(101,995)**	(105,730)	(98,707)	(96,906)	(103,628)
Net assets	**51,736**	25,300	24,884	37,101	23,622

CHAIRMAN'S STATEMENT

As the world economy recovered steadily and the international supply chain experienced a major reshuffle in 2021, the trade environment changed drastically and global shipping demand rebounded significantly as compared with the beginning of the COVID-19 outbreak. With further reopening of major economies across the globe in 2021, demand in the dry bulk shipping market returned and freight rates in the international dry bulk shipping market shot up. In 2022, driven by such global economic growth, global demand for bulk goods such as iron ore, coal and foodstuffs is expected to rise steadily, the dry bulk shipping market will continue to thrive, and, hence, vessel owners will enjoy higher profit.

In the past year, the Group's fleet remained unchanged with an average age of 16 years and a size of 319,923 dwt. Under the relatively volatile market conditions, the Group maintained its proactive and prudent operating strategies with a fleet occupancy rate of approximately 95.15% and a total of 1,389 days of occupancy across all of its 4 vessels throughout the year. Average daily charter rate per vessel was approximately US$15,194 per day and the cash recovery rate of receivable charter hire was close to 100%.

Looking forward to the coming year, the dry bulk shipping market is reviving swiftly after a short-term correction at the beginning of 2022. However, with the never-ending COVID-19 epidemic, diminishing government stimulus and persistent supply chain bottlenecks, the global recovery is expected to slow down to a growth rate of 4.1% for 2022. In view of the armed conflict between Russia and Ukraine, European countries are urgently adjusting their energy and food supplies in order to maintain their energy and food security. This will result in further changes in the trade environment and extension of shipping distances. As a result, the increase in total volume of goods flow will exceed the growth of cargo carrying capacity. In general, we expect the global dry bulk shipping market to maintain relatively favourable freight rates in 2022.

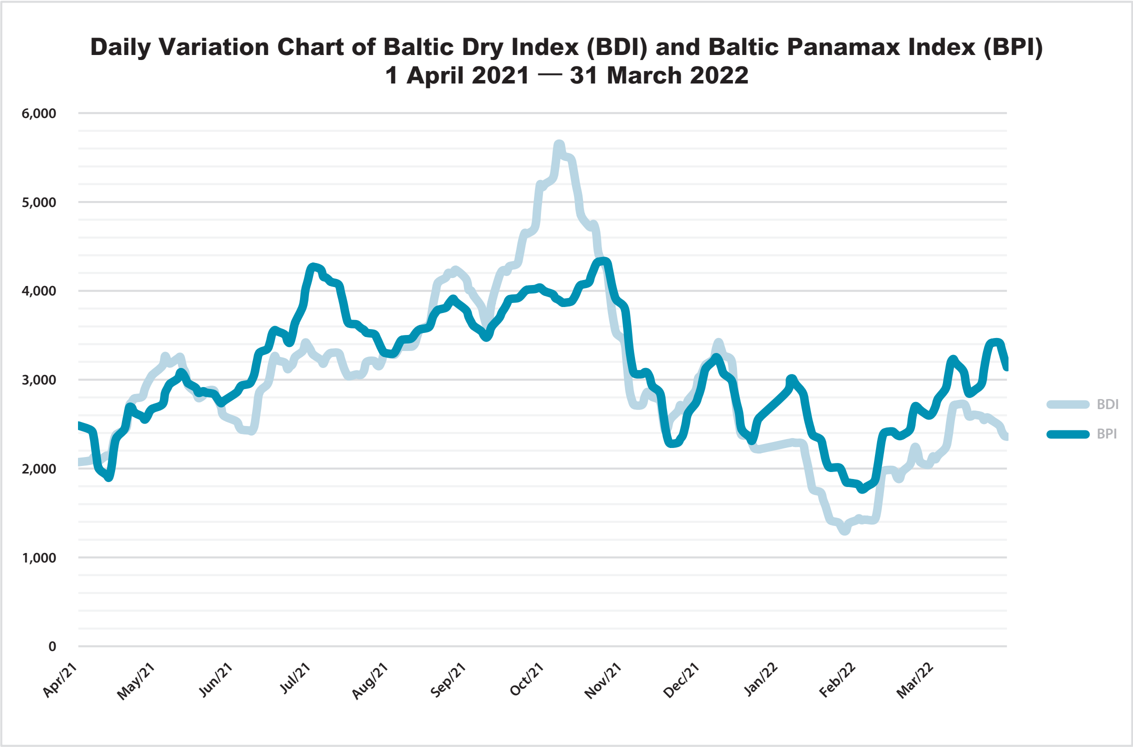
Given the market condition and operating environment, the Group will maintain its prudent operating strategies by enhancing the daily management of vessels, providing better transportation services to its customers, generating more operational income for the Group and strictly controlling its operating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

YAN Kim Po
Chairman

24 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review



BDI high at 5,650 in October 2021, low at 1,296 in January 2022, average at 3,021.

BPI high at 4,328 in October 2021, low at 1,765 in February 2022, average at 3,122.

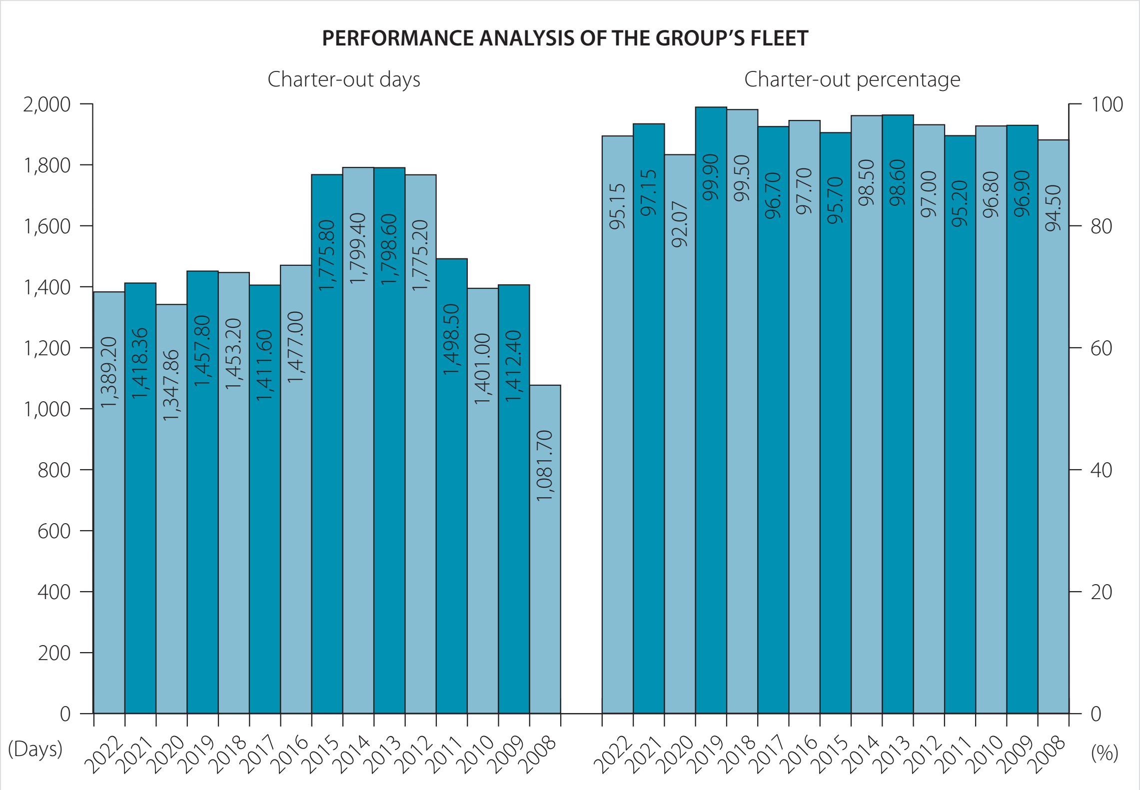
Driven by quantitative easing monetary policies and the reopening of economies across the world, the shipping market bounced back as global demand for dry bulk shipping recovered in 2021. The Baltic Dry Index (BDI) reached 5,650, which was the highest point since 2012, in early October, and then went down staggeringly again. Prices of bulk commodities kept on rising and downstream sectors were actively replenishing their stocks. Add to that the severe port congestion around the world, and the market saw intermittent tight vessel availability from time to time. As the PRC tightened its production curbs, prices of bulk commodities declined from their peaks, speculative demand receded rapidly and the sentiment in the dry bulk shipping market cooled down in the fourth quarter. In terms of major commodities, the global demand for shipping iron ore went up and then down as the prices of iron ore peaked and then fell sharply; international coal trade picked up in the second half of the year due to the cold winter of 2021 in spite of the fact that the world was still undergoing the lengthy decarbonisation process; and demand for food imports rebounded attributable to the unstable weather across the globe.

Notwithstanding the impacts of Epidemic, the Russo-Ukrainian War and the Lunar New Year break in China, the dry bulk shipping market maintained a relatively positive outlook during the low season in the first quarter of 2022.

The average BDI for the year was 3,021, representing a significant year-on-year increase of 123%. The charter rates of all types of vessels jumped. In particular, the average Baltic Panamax Index (BPI) was 3,122, surged by 119.3%.

In respect of supply, the capacity of the global dry bulk shipping market as at the end of 2021 reached 945 million dwt, representing a year-on-year increase of approximately 3.6%. New orders of vessel building represented approximately 7.1% of the volume of the existing fleet. The capacity of new vessels delivered during the year was 35.19 million dwt, representing a year-on-year drop of 28.1%. New orders for vessels amounted to 36.417 million dwt, representing a year-on-year leap of 53.5%. Decommissioned capacity fell to 5.15 million dwt, representing a year-on-year reduction of 66.3%. According to the statistics of Clarksons, the international fleet of dry bulk shipping vessels had a low throughput due to longer waiting time at ports caused by escalating port congestion levels, firstly at ports in Southern America in the first half of the year, then at ports in the Far East in the second half of the year as a result of typhoons and pandemic control measures.

Business Review



The Group's vessels were in sound operation from 1 April 2021 to 31 March 2022. Currently, the fleet has a size of 319,923 dwt and an average age of 16 years, and maintained a relatively high operating rate with an average vessel charter-out percentage of 95.15% for the year. In view of the global efforts to restart the economy from the Epidemic, supply chain demand was on the rise and charter hire charges in the international shipping market were surging. As such, the average daily charter hire income of each vessel in the fleet was US$15,194 per day, which is US$6,448 or 73.7% higher as compared to the level last year.

In view of a good track record of safe operation with no adverse incident and limited downtime, the fleet managed to maintain a relatively high operating rate during the year. Meanwhile, plans and arrangements for dock repair have been duly made to minimise repair time. Two vessels were under dock repair in shipyards for 58 days during the year. As the Epidemic continued to wreak havoc around the world, the Company had made its efforts to take an effective cost control measures during the year. All freight rates and charter hires were basically received in full. The Group was able to exert stringent control over costs and expenses in the management of its fleet and strived to minimise voyage expenses. Thus the management expenses of its vessels were basically within budget. Nevertheless, the time and costs of arranging crew change rose to a certain extent as a result of the difficulties caused by the Epidemic.

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

Market Outlook

The development of the pandemic across the globe remains uncertain for 2022. As the virus mutated, the Omicron variant emerged and spread around the world. It is causing troubles to, and will continue to affect, the recovery and restart of the global economy in 2022. The armed conflict between Russia and Ukraine since February 2022 severely hampered the export of coal, wheat, corn and other goods from these two countries via the Black Sea. It triggered the energy and food crisis in Europe and may have a long-term impact on global energy and food security and supply. Changes in the trading system and the increase in shipping distance will boost turnover as opposed to the increase in shipping volume.

Following the strong rebound in 2021, the global economy is expected to maintain its recovery momentum in 2022. However, uncertainties about the economic upswing are also on the rise. The United States is gradually ending its quantitative easing policy. The expected interest rate hikes for 2022 will also bring relatively huge shocks and impact to the international financial market and, particularly, the development of emerging markets. The economic recovery in Europe and Japan in general is still fragile. As for emerging economies, energy exporting countries such as Brazil and Russia will be affected by changes in monetary policies and prices of bulk commodities around the world while China focuses on maintaining stable growth. It is expected that the PRC will witness a 5% economic growth, further recovery of the manufacturing industry, a mild slowdown in the real estate sector, steady infrastructure investment, a marginal improvement in consumer spending and a gradual increase in consumer demand in 2022.

Therefore, demand in the international dry bulk shipping market is expected to resume a normal growth rate of approximately 1.8% in 2022. In terms of iron ore shipment, it is anticipated that the price of this bulk commodity will go down in general as the United States shrinks its balance sheet and plans to hike interest rates. As to supply and demand, the iron ore market will experience weak growth as both demand from major countries and supply from most of the major mining companies (except Vale S.A., whose annual production capacity will increase by 20 million tons) across the globe are expected to remain stable. On the other hand, food exports from South America exhibit a relatively strong momentum for 2022.

As for major importing countries, the PRC is expected to witness a decrease in crude steel production, a drop in demand for imported iron ore, stable coal imports and a relatively rapid growth in food imports. The United States, India and Southeast Asia, among other places, may continue to improve their infrastructures and thus expand their iron ore and coal imports in 2022.

In respect of supply, the capacity of the world dry bulk shipping fleet is predicted to increase by approximately 2% in 2022 based on the current orders for new vessels and expected decommissioning of ships. In anticipation of the launch of the Energy Efficiency Existing Ship Index (EEXI) in 2023, the growth in shipping capacity will stay relatively low and in tandem with the increase in demand. Other matters of concern include when dry bulk terminals around the world can resume previous operational efficiency, as well as subsequent market trends as affected by weather and geopolitics.

All in all, the Group expects the global dry bulk shipping market to sustain relatively favourable freight rates in 2022. Average BDI will reach 2,000, which will be lower than that of 2021 but better than those for 2020 and 2019. With a reduced growth in shipping capacity, freight rates in the international dry bulk shipping market will be particularly prone to the sway and boost of unexpected events.

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

Since May 2016, Top Build, a direct wholly-owned subsidiary of the Company, has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds the Hainan Land. Driven by the strong economic growth and development in the PRC, the increase in population in Hainan and the limited supply of residential property due to government policy, the land premium and prices of real estates in Hainan increase substantially in recent years. To capture the opportunities prompted by the increase in demand of residential property, the Group plans to develop its property development project into a "cultural and tourism real estate" project for the development of villas, high/low density apartments, retail stores and SOHO with an area of approximately 130,000 square meters.

President Xi Jinping issued an instruction in May 2020 that the Hainan Free Trade Port should perform system innovation and build Hainan Free Trade Port with high quality and standards. In the government work report issued on 22 May 2020, Premier Li Keqiang announced that the Pilot Free Trade Zone will be given greater autonomy for reform and opening up to accelerate the construction of Hainan Free Trade Port. On 1 June 2020, the Central Committee of the Communist Party of China and the State Council issued the "Hainan Free Trade Port Construction Master Plan", which is a major favourable policy, with highlights as follows: (1) facilitating the free flow of cross-border funds, expanding the opening up of domestic and foreign financial industry, and realising free exchange of Renminbi; (2) introducing low tax for the entire Hainan, with corporate income tax of 15% and personal income tax of 15%, signifying unprecedented incentives; (3) adopting closed operation system for the entire Hainan, with the first tier being opened and the second tier being controlled while zero-tariff goods can be traded freely in Hainan and is not subject to the supervision of the customs; (4) significantly increasing the tax allowance for tourists to RMB100,000 per person. The above policies will have a huge impact on various industries such as finance, investment, tourism and trade, thereby promoting real estate development.

In 2020, Hainan Province actively responded to the Epidemic with successful pandemic prevention, ensuring successful development and construction of its major engineering projects. There have been seven batches of major projects started collectively in Hainan, among which 793 projects had started and a further 393 projects were contracted, with a total project investment of approximately RMB435.2 billion. Recently, 11 major projects such as Haikou Jiangdong New District, the Haikou Integrated Free Trade Zone, High-tech Industrial Parks and Ecological Software Parks have been opened for tendering. A number of Fortune Global 500 companies and leading companies in various industries such as China Shipping, China Merchants, Sinopec, China Railway, Alibaba, Tencent and Tesla have established their presence in Hainan and started substantial development and construction.

In 2020, the Hainan Provincial Government has completed, at a consideration of RMB4.44 billion, the acquisition of 4,000 mu of land parcel, which is used for the construction of infrastructure in the Jiangdong Free Trade New Zone. Particularly, the construction of energy trading centre would push the gross domestic product (GDP) and the property price in Hainan Province. It is clear that many Chinese energy giants tend to make investment in Haikou Jiangdong New District. For example, the energy trading centre in the Jiangdong Free Trade Zone has housed Shandong Energy Group, Yankuang Group, Huaneng Group and Datang Corporation, successively. According to the record of land transactions in 2021, land premium is rising and registering record highs by auction.

The Hainan Provincial Government has proposed to urbanise the whole province and speed up the construction of highway transportation to facilitate the development of the lands at the vicinity of the city. All-in-one land use planning has been completed in Haikou City, emphasising the sustainable development of ecological environment protection. Improvement of the public construction directly related to the project has been achieved. Jiangdong New District has been opened for tendering, and the value of land in Jiangdong District has rapidly increased. The second airport terminal of the Haikou Meilan Airport is about to come into service and has the capacity to accommodate 60 million passengers per year. The Haikou City Binjiang Road River Cross Tunnel is about to open for use, the Jiangdong New District Road has been completed, and Haikou Ring Expressway has been extended to Yunlong Town. The traffic conditions around the Hainan Land are expected to be improved, which will unleash the possible appreciation of the Hainan Land.

In 2021, Feng Fei, the deputy secretary of Hainan Province, stated in his Report on the Work of the Government that Hainan Province will devise a preliminary policy framework for the free trade port during the period covered by the 14th Five-Year Plan. To complete its tasks of formulating systems and arrangements for the first phase of the free trade port, the province aims at having the hardware for its border closure ready by the end of 2023, finishing all preparations for the border closure by the end of 2024, and realising duty-free treatment of 99% of goods in 2025 after border closure. The closure of the border means closing the whole Hainan Island up to form an independent economy. Afterwards, the transportation of goods from other cities in the PRC to Hainan Island will be deemed exportation while the transportation of goods from Hainan Island to other cities in the PRC will be deemed importation. On this basis, the central government has granted duty-free status to Hainan Island so that foreign goods can be directly imported into Hainan Island without customs duty. Customs duty will only be required when the foreign goods are re-exported from Hainan Island to other cities in the PRC.

Hainan has opened up the incoming policy of urban residency and revoked the restrictions on incoming residency to speed up talent introduction, allowing introduced talents to purchase commodity housings in Hainan. Talents who have incoming residency in Hainan without ownership of residential property may enjoy the 30% down-payment mortgage policy for their first-time home purchase. These measures will facilitate real estate transactions and promote value appreciation of real estate. The recent relaxation of restriction on real estate purchase and loan policy together with an overall opening up of incoming residency restriction in Hainan Province has come into effect on 23 April 2021, after which Hong Kong residents may buy properties with a certificate of no home ownership from the housing administration bureau. This arrangement is substantially beneficial to the real estate market in Hainan. It is expected that the real estate market will develop at a high speed in the next few years.

According to a report issued by Hainan Foreign Enterprise Service Corporation on 2 June 2022, the Hainan Free Trade Port accelerated the development of its export-oriented economy with a steady but relatively rapid year-on-year increase of 92.64% in the number of newly-established foreign-owned enterprises in 2021. The “Hainan Free Trade Port Construction Master Plan” stipulated that the Hainan Free Trade Port shall commence border closure procedures by 2025. Hainan Province has classified this as its first priority, and has already started all-round preparation for the closure of the island’s border. To duly complete the stress tests on border closure, Hainan Province has extended the “opening the first tier, controlling the second tier” pilot supervision area from Yangpu Bonded Port Area to two other comprehensive bonded zones in Haikou. The extension of policies such as the waiver of duty on the domestic sales of goods with added value from processing will also be studied.

The coming year will be critical for the preparation for the closure of the entire island’s border. Li Yufei, the deputy director of the office of the working committee for the Pilot Free Trade Zone (Free Trade Port) under the party committee of Hainan Province, explained that Hainan Province has already completed key tasks such as the planning and construction of ports, taxation policies and arrangements, and the major risk prevention and management systems. In terms of hardware construction, the construction of several planned border closure projects with a planned total investment of approximately RMB18 billion has commenced or will commence very soon. The building of software, design of overarching policies and systems, such as taxation arrangements, financial systems, laws and regulations and system security, will be sped up. In particular, reforms to simplify the tax system represent the key to the preparation for border closure. “Making every effort to perfect the preparations for border closure, the general targets for the coming phases will be having the hardware ready by the end of 2023 and completing all preparations for border closure by the end of 2024.” said Li Yufei.

Currently, despite adjustment to and control over the real estate industry in the PRC, in view of the unique natural resources and favourable policies in Hainan Province, coupled with the demands from vast markets across the country in relation to investment in Hainan, real estate supply will continue to be in a shortage in the coming five years. Now the development plan of Hainan Land is still subject to the PRC Government's approval due to the continuous change on Free Trade Port's policy.

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

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

Financial Review

Revenue

Under the complicated impact of the Epidemic and the Russo-Ukrainian War, the dry bulk shipping market irregularly fluctuated. The Group's revenue experienced a significant pick up and was then moderated and increased from about US$12.5 million for the year ended 31 March 2021 to about US$21.6 million for the year ended 31 March 2022. The full year average daily charter hire income of the Group's vessels recorded approximately US$15,194 for the year ended 31 March 2022 compared to that for the year ended 31 March 2021 of approximately US$8,746. During the year ended 31 March 2022, two of the Group's vessels had completed dry dock maintenance (for the year ended 31 March 2021: two vessels). The sharp increase in revenue was due to (i) the newly signed chartering agreements with favourable daily charter hire income between July and August 2021 as disclosed in the voluntary business update announcement of the Company dated 1 September 2021; (ii) the continuous and steady increment on freight rate during 2021 and second hand vessel price rebound during 2021 as disclosed in inside information announcement of the Company for business update and positive profit alert dated 21 September 2021; and (iii) during the second half of the year ended 31 March 2022, market performance maintained positive, the Group's vessels were able to sustain relatively favourable charter rates.

* For identification purposes only

Cost of services

Cost of services of the Group decreased from about US$11.3 million for the year ended 31 March 2021 to about US$11.0 million for the year ended 31 March 2022, representing a decrease of approximately US$0.3 million. Fuel cost steadily growing upward during the year such that the fuel cost of the Group changed from a charge of US$1.4 million to a credit of about US$1.4 million which reflected the marked-to-market gain in bunker inventory. Depreciation of vessels increased by around US$1.1 million after the reversal of impairment loss on property, plant and equipment recorded in the year ended 31 March 2021. Due to the continuous impact of the Epidemic, direct operating costs increased significantly by around US$1.4 million.

Gross profit

The Group recorded a gross profit of about US$10.6 million for the year ended 31 March 2022 as compared to about US$1.1 million for the year ended 31 March 2021, representing a growth of approximately US$9.5 million, while the gross profit margin rocketed from approximately 9.2% for the year ended 31 March 2021 to approximately 49.0% for the year ended 31 March 2022. The improvement in gross profit was due to the sharp increase in revenue and also the recovery in fuel value.

General and administrative expenses

General and administrative expenses of the Group increased from approximately US$2.3 million for the year ended 31 March 2021 to approximately US$2.7 million for the year ended 31 March 2022, representing an increase of approximately US$0.4 million or approximately 18.1%. It was mainly due to the restructure of shipping loan of the Group's two vessels which resulted in extra legal and professional fees and bank service charges.

Finance costs

Finance costs of the Group decreased to about US$2.3 million for the year ended 31 March 2022 (for the year ended 31 March 2021: approximately US$6.0 million). The interest expense of the Top Build Convertible Bonds ceased accrual at maturity and therefore decreased by about US$4.0 million as compared to the year ended 31 March 2021. Loan from the ultimate holding company decreased and hence the related interest expense decreased by about US$0.1 million. The reduction in finance costs from the Top Build Convertible Bonds and loan from the ultimate holding company were offset by increase in finance costs from the restructuring of loans of two vessels.

Profit/(loss) for the year

The Group generated profit for the year of approximately US$24.7 million for the year ended 31 March 2022 as compared with the loss for the year of approximately US$3.1 million for the year ended 31 March 2021. As disclosed in the profit alert and business update announcements of the Company dated 1 September 2021, 21 September 2021 and 19 November 2021, the turn from loss to profit for the period from 1 April 2021 to 30 September 2021 was mainly attributable to following factors: (i) the sharp increase in revenue due to the newly signed chartering agreements with favourable daily charter hire income between July and August 2021; (ii) the continuous and steady increment on freight rate during 2021 and second hand vessel price rebound during 2021; and (iii) the reversal of impairment losses on property, plant and equipment resulting from the increase in fair value of the vessels owned by the Group after taking into account the second hand vessel price rebound as at 30 September 2021. For the period from 1 October 2021 to 31 March 2022, relatively favourable charter rates sustained and the recoverable amounts of vessels have further increased, causing further reversal of impairment loss on property, plant and equipment to be recorded; in addition, the marked-to-market gain in bunker inventory, and the decrease in finance costs all contributed to the continuing improvement in profit.

EBITDA

The Group's EBITDA has increased from US$4.5 million for the year ended 31 March 2021 to US$12.3 million for the year ended 31 March 2022 due to the significant increase in gross profit during the year.

Liquidity, financial resources, capital structure and gearing ratio

As at 31 March 2022, the Group's cash and cash equivalents amounted to approximately US$2.7 million (as at 31 March 2021: approximately US$0.2 million), of which approximately 97.6% were denominated in US$, approximately 2.2% were denominated in HK$ and approximately 0.2% were denominated in RMB. Outstanding bank borrowings amounted to approximately US$12.9 million (as at 31 March 2021: approximately US$10.5 million) and other loans (including convertible bonds) amounted to approximately US$61.6 million (as at 31 March 2021: approximately US$70.1 million), of which 99.0% were denominated in US$ and 1.0% were denominated in HK$.

As at 31 March 2022 and 31 March 2021, the Group had a gearing ratio (being bank borrowings and other borrowings (including convertible bonds) of the Group divided by the total assets of the Group) of about 48.5% and 61.5% respectively. The decrease in gearing ratio as at 31 March 2022 was mainly due to the reversal of impairment loss on vessels, increase in bank deposits, and the reduction in Top Build Convertible Bonds and loan from the ultimate holding company.

The Group recorded net current liabilities of about US$66.0 million as at 31 March 2022 and approximately US$64.5 million as at 31 March 2021. It was mainly due to (i) the increase in bank balance after the improvement in turnover; (ii) the event of default of the Top Build Convertible Bonds resulted in the cross-defaults in a bank loan and a loan from a financial institution which may cause the bank loan to become immediately due and hence the non-current portion of bank loan amounted to around US$10.8 million was reclassified to current liabilities; (iii) the repayment of loan from the ultimate holding company amounted to approximately US$5.5 million and the principal redemption of approximately US$2.8 million of Top Build Convertible Bonds during the year ended 31 March 2022.

On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, entered into a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely GH POWER Loan. The principal amount of the GH POWER Loan shall be repaid by 14 quarterly instalments commencing three months from 11 April 2019. The GH POWER Loan is subject to compliance of certain restrictive financial undertakings which the Group will continue to monitor.

On 30 April 2021, United Edge Holdings Limited and Way Ocean Shipping Limited, being wholly-owned subsidiaries of the Company, entered into a term loan for the principal amount of US$14.75 million for refinancing of the Group's bank borrowings in relation to two vessels owned by the Group, namely GH GLORY/HARMONY Loan. The principal amount of the GH GLORY/HARMONY Loan shall be repaid by quarterly instalments commencing 30 June 2021. The GH GLORY/HARMONY Loan is also subject to compliance of certain restrictive financial undertakings which the Group will continue to monitor.

A breach of the restrictive financial undertaking requirements will constitute an event of default under the loan agreement, and as a result, the facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of other banking or credit facilities available to the Group and, as a possible consequence, these other facilities may also be declared to be immediately due and payable. The event of default of the Top Build Convertible Bonds also resulted in cross-default of the GH POWER Loan and the GH GLORY/HARMONY Loan.

The management maintains continuous relationship with the banks and financial institutions and the Directors are of the opinion that bank borrowings and loan from financial institutions will continue to be available to the Group for the next twelve months from 31 March 2022.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into six loan facility agreements with Ablaze Rich, a controlling shareholder of the Company (as defined in the Listing Rules), on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 for six loan facilities (collectively, the "Facilities") in the amounts of US$3.0 million (the "First Facility"), US$3.0 million (the "Second Facility"), US$1.5 million (the "Third Facility"), US$2.0 million (the "Fourth Facility"), US$2.0 million (the "Fifth Facility") and US$3.0 million (the "Sixth Facility") respectively. The First Facility, the Second Facility and the Fourth Facility were extended on 15 January 2021. The full loan amount had been drawn down by the Company under the First Facility, the Second Facility, the Third Facility, the Fourth Facility and the Fifth Facility. As at 31 March 2022, US$2.0 million of the loan amount had been drawn down by the Company under the Sixth Facility.

The First Facility will be repayable on an extended repayment date which is on or before 15 January 2023, the Second Facility will be repayable on an extended repayment date which is on or before 15 January 2023, the Third Facility was due and repayable on 15 January 2022, the Fourth Facility will be repayable on or before 15 January 2023, the Fifth Facility was due and repayable on or before 12 March 2022 and the Sixth Facility would be due and repayable on or before 22 June 2022, subject to any extension of the respective repayment dates. On 30 March 2022, the ultimate holding company extended the repayment date of each of the First Facility, the Second Facility and the Sixth Facility for two years from the date of extension, i.e. up to 30 March 2024. These loan facilities are unsecured and carry an interest of 4% per annum. As at the date of this report, the drawn amount under the Third Facility, the Fourth Facility and the Fifth Facility have been repaid in full and the Sixth Facility was partially repaid by US$650,000. The drawn amount under each of the other two Facilities had not been repaid. The disinterested members of the Board (including the independent non-executive Directors) consider that as each of the Facilities is on normal commercial terms or better and is not secured by the assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

On 30 September 2020, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice is issued by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The deed of funding undertakings entered on 31 March 2019 was superseded by this deed, and had ceased to be effective from 30 September 2020.

On 30 September 2021, 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 is 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 2020 was superseded by this deed, and had ceased to be effective from 30 September 2021. US$5 million was obtained under the terms of the deed.

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

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

Convertible Bonds

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

As announced by the Company on 14 May 2021, 24 June 2021, 24 November 2021, 31 December 2021 and 25 February 2022, the Top Build Convertible Bonds matured on 10 May 2021 and the Company defaulted in the redemption of the Top Build Convertible Bonds in full in accordance with the terms and conditions thereof (the "Default"). On 24 November 2021, the Company and the holder of the Top Build Convertible Bonds (the "Bondholder"), among others, entered into a settlement agreement (the "Settlement Agreement"), pursuant to which the Bondholder has agreed to withhold taking any further litigation or claims against the Company in respect of the Default provided that the Company settled the outstanding redemption amount in the Top Build Convertible Bonds by, among others, repaying the Bondholder US$25 million in cash within two months from the date of the Settlement Agreement (i.e. 24 January 2022). On 31 December 2021, the Company entered into a subscription agreement with an independent investor in Hong Kong, pursuant to which the Company has agreed to issue, and the investor has agreed to subscribe for, corporate bond in the principal amount of US$50 million, but the completion of such subscription did not take place. As a result, the Company did not pay in full the US$25 million which was due and payable on 24 January 2022 pursuant to the terms of the Settlement Agreement. On 24 February 2022, the Bondholder filed a winding-up petition (the "Petition") with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "High Court of Hong Kong") for the winding-up of the Company in relation to the outstanding redemption amount in the Top Build Convertible Bonds, which amounted to US$51,230,000 as at the date of the Petition.

On 29 June 2022, the Company and the Bondholder, among others, entered into a supplemental agreement to the Settlement Agreement (the "Supplemental Settlement Agreement"), pursuant to which the Bondholder has agreed, among others, to conditionally withdraw the Petition and withhold taking any further litigation or claims against the Company in respect of the Default. Pursuant to the Supplemental Settlement Agreement, the Company will settle the outstanding redemption amount of the Convertible Bonds (which amounted to US$51,230,000 as at the date of the Supplemental Settlement Agreement) by repaying the Bondholder (i) US$5,000,000 in cash in 10 quarterly instalments of US$500,000 with the first instalment to be paid within 7 business days from the date the High Court of Hong Kong grant an order for the withdrawal of the Petition; and (ii) the remaining balance of US$46,230,000 and all accumulated interest (calculated at an interest rate of 8% per annum), both to be paid in cash in one lump sum on 31 December 2024. The withdrawal of the Petition is further conditional upon, among others, the Company having delivered security documents for the pledge/mortgage over certain assets of the Group in favour of the Bondholder as security for the Company's performance of its repayment obligations under the Settlement Agreement (as supplemented by the Supplemental Settlement Agreement). Please refer to the announcement of the Company dated 29 June 2022 for further details.

As disclosed in the announcement of the Company dated 15 July 2022, pursuant to the Supplemental Settlement Agreement, the Petitioner and the Company have executed and filed a consent summons to the High Court of Hong Kong for the withdrawal of the Petition. On 15 July 2022, the Company received the order of the High Court of Hong Kong dated 14 July 2022 which ordered, among other things, that the Petition be withdrawn.

Exposure to fluctuations in exchange rate risk and related hedges

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

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

Bank borrowings and loan from a financial institution and disclosure under Rules 13.13 to 13.19 of the Listing Rules

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 31 March 2022, the Group recorded outstanding bank borrowings and loan from a financial institution of about US14.4 million and all these borrowings and loans carried interest at floating rate.

The GH POWER Loan was entered into on 29 March 2019 and the GH GLORY/HARMONY Loan was entered into on 30 April 2021. These loans, namely the GH POWER Loan and the GH GLORY/HARMONY Loan, were for financing the acquisition costs of vessels of the Group and were secured by, inter alia, the following:

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

The above bank loans were provided to the Group on the conditions that, inter alia, (a) (in respect of the GH POWER Loan) Mr. Yan, Ms. Lam and/or any company controlled by them shall jointly hold at least 51% shareholding interests in the Company; and (b) (in respect of the GH GLORY/HARMONY Loan) the investment vehicle(s) owned or controlled by Mr. Yan and Ms. Lam shall hold or control at least 30% shareholding interests in the Company.

Charges on assets

As at 31 March 2022, the Group had pledged the following assets to a bank and a financial institution as securities against the bank borrowing and loan facilities granted to the Group:

	31 March 2022 US$'000	31 March 2021 US$'000
Property, plant and equipment	**54,356**	52,108
Pledged deposits	**500**	500
Pledged bank deposits	**1,390**	1,987
	56,246	54,595

Contingent liabilities

There were no material contingent liabilities for the Group as at 31 March 2022.

Employees' remuneration and retirement scheme arrangements

As at 31 March 2022, the Group had a total of 88 employees (as at 31 March 2021: 97 employees). For the year ended 31 March 2022, the total salaries and related costs (including Directors' fees) amounted to approximately US$4.8 million (as at 31 March 2021: US$4.5 million). It is the Group's policy to remunerate its employees with reference to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

The Group operates defined contribution plans by paying contributions to pension insurance plans as further described in Note 2.14 to the consolidated financial statements. The Group's contributions to such defined contribution plans vest fully and immediately with the employees. Accordingly, there are no forfeited contributions under such plans which may be used by the Group as employer to reduce its existing level of contributions for the year ended 31 March 2022.

Acquisition and disposal

The Group had no material acquisition or disposal during the year ended 31 March 2022.

Prospects

Looking forward to 2022, the Company expects that 2022 will continue to be a challenging year. The development of the Epidemic remains uncertain and the global spread of the Omicron variant will have a certain impact on the recovery of the global economy in 2022. Also, the war between the Russia and Ukraine has caused serious obstacles to the exports of coal, wheat and corn and is expected to continue affecting the worldwide supply chain structure for these goods.

The Company will closely monitor the market situation and evaluate the impact of the Epidemic, and continuously adopt a cautious approach for exploring any potential investment or business opportunities to enhance its income source. Furthermore, the Group will uphold its proactive and prudent operating strategies in order to reduce operational risks and improve operational performance. The Company will keep the Shareholders updated of its business development as and when appropriate.

Subsequent event

The Company and the Bondholder, among others, entered into the Supplemental Settlement Agreement on 29 June 2022 in relation to the Default regarding the Top Build Convertible Bonds. As a result, on 14 July 2022, the High Court of Hong Kong has ordered, among other things, that the Petition in relation to the Default be withdrawn. Details of the Top Build Convertible Bonds, the Default, the Petition and the Supplemental Settlement Agreement have been disclosed in the section headed "Management Discussion and Analysis — Financial Review — Convertible Bonds" in this report. Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2022 and up to the date of this report.

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

Ms. LAM Kwan (林群), aged 54, 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 certain 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. She was an executive director of HS Optimus Holdings Limited (formerly known as KLW Holdings Limited) (SGX stock code: 504), a company listed on Singapore Exchange Securities Trading Limited from August 2016 to July 2021. She has been appointed as chairman of Pok Oi Hospital on 1 April 2022 and is currently a director of the Hong Kong Energy, Mining and Commodities Association and an honorary director of Hong Kong Baptist University Foundation, and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance & Economics in 1990 with a bachelor's degree in English for Finance in the Department of Foreign Language for Finance. Ms. Lam is currently a director of Ablaze Rich, which along with Ms. Lam herself has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 70, has been serving as an independent non-executive Director of the Company since September 2010. Mr. CHEUNG graduated from Hong Kong Polytechnic with a Higher Diploma in Accountancy in 1978 and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. CHEUNG has extensive experience in accounting, finance, corporate management and investment banking, specialising in equity/debt fund raising, mergers and acquisitions and corporate and debt restructuring, as well as private financial consultancy work. Mr. CHEUNG was an independent non-executive Director of a company listed on the Main Board of the Stock Exchange, namely NewOcean Energy Holdings Limited (stock code: 342) from August 2001 to December 2021. Mr. CHEUNG was an independent non-executive Director of Zhuoxin International Holdings Limited (stock code: 8266), a company previously listed on the GEM of the Stock Exchange, from October 2018 to January 2020. Mr. CHEUNG has also been appointed as independent non-executive Director of Long Well International Holdings Limited (stock code: 850), a company previously listed on the Main Board of the Stock Exchange, from September 2004 to May 2021. Mr. CHEUNG has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Dr. CHAN Chung Bun, Bunny (陳振彬), *GBM, GBS, JP*, aged 64, has been serving as an independent non-executive Director of the Company since September 2010. Dr. CHAN has extensive experience in commerce and is currently the chairman of Prospectful Holdings Limited. Dr. CHAN is active in community affairs in Hong Kong. Dr. CHAN was appointed as Justice of the Peace in 2002 and was awarded the Bronze, Silver and Gold Bauhinia Star medal in 2004, 2009 and 2014 respectively, and Grand Bauhinia Medal in 2021 by the government of Hong Kong. Dr. CHAN was conferred Doctor of Business Administration, honoris causa, in December 2013 by the Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong). Dr. CHAN is currently also an independent non-executive Director of four other companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (stock code: 2331), Speedy Global Holdings Limited (stock code: 540), Glorious Sun Enterprises Limited (stock code: 393) and MTR Corporation Limited (stock code: 66). Dr. CHAN has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. WAI Kwok Hung (韋國洪), aged 67, has been serving as an independent non-executive Director of the Company since September 2010. Mr. WAI was appointed as Justice of Peace in July 2002 and was awarded the Silver Bauhinia Star medal in 2008 by the government of Hong Kong. Mr. WAI has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Senior management

Mr. PAN Zhongshan (潘忠善), aged 58, has been responsible for the operation management of the Group's shipping business since January 2022. Mr. PAN has 36 years of experience in the maritime industry. Mr. PAN graduated from Dalian Maritime University* (大連海事大學) with a bachelor degree of Navigation in ocean-going profession driving* (航海系遠洋船舶駕駛專業). Before joining the Group, he had worked for China COSCO Shipping Corporation Limited in Qingdao Branch as third mate, second mate and captain of ocean-going vessel from 1986 to 1996. Mr. PAN had joined the Hong Kong Lihai International Shipping Limited as deputy general manager since 2002 and he had been appointed as managing director from October 2006 till 2019.

Mr. WONG Kwok Keung (黃國強), aged 47, 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 Chartered Governance Institute and The Institute of Chartered Secretaries and Administrators. Mr. WONG has over 24 years of working experience in several listed companies in Hong Kong and well- known organisations across jewellery trading, property leasing and development, garment and electronics manufacturing in the Greater China and Asia Pacific regions. Prior to joining the Company, he served as the senior management of several listed companies in Hong Kong and worked for a global audit and consulting firm for over 15 years. He has been appointed as a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on TSX Venture Exchange in Canada since October 2017.

* For identification purposes only

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 2022 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 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 comprised two 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) *(resigned with effect from 18 August 2021)*

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, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), 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 an annual general meeting of the Company at least once every three years.

In addition, pursuant to code provision B.2.3 of the CG Code, if an independent non-executive Director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders of the listed issuer. The papers to shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination. Each of Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung was appointed as an independent non-executive Director on 13 September 2010 and has served as an independent non-executive Director for more than nine years.

Accordingly, each of Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung will retire as Directors at the forthcoming annual general meeting of the Company (the "Annual General Meeting"). Mr. CHEUNG Kwan Hung and Dr. CHAN Chung Bun, Bunny, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

Mr. WAI Kwok Hung has informed the Board that he would not offer himself for re-election at the annual general meeting due to his own decision to devote more time to his personal engagements. Upon his retirement as an independent non-executive Director, Mr. WAI Kwok Hung will also cease to be a member of each of the Audit Committee and the Nomination Committee. He has confirmed that his retirement is not due to any disagreement with the Board and there is no other matter relating to his retirement that needs to be brought to the attention of the Shareholders. The Board would like to thank Mr. WAI Kwok Hung for his contributions to the Company during his tenure of office.

In order to fill the vacancies on the Board and its committees as a result of the resignation of Mr. WAI Kwok Hung, the Board proposes to elect Ms. WONG Tsui Yue Lucy as an independent non-executive Director. The appointment of Ms. WONG Tsui Yue Lucy is subject to the approval of the Shareholders at the Annual General Meeting. The term of office of Ms. WONG Tsui Yue Lucy will commence from the date on which approval of her appointment by the Shareholders is obtained at the Annual General Meeting. Further details regarding Ms. WONG Tsui Yue Lucy will be disclosed in the papers to the Shareholders accompanying the resolution for her proposed election as an independent non-executive Director.

Corporate Culture

The Board has established the Group's purpose, values and strategy and ensures that aligned with the Group's culture. The Group is committed to adopt its proactive and prudent operating strategies and seek to charter out its vessels to stable charterers and offer them the best services. Also, the Group will continuously adopt a cautious approach for exploring any potential investment or business opportunities in order to delivering attractive and sustainable returns to the shareholders. The Group places strong emphasis on employee relations and the culture of ethical conduct and integrity. The Group has established the anti-corruption and bribery policy (the "Anti-Corruption Policy") and the whistleblowing policy (the "Whistleblowing Policy") on handling employee reporting on any suspected fraud, malpractice and irregularity and upholding high standards of business integrity and transparency in all its business dealings at all times. A healthy corporate culture is important to good corporate governance which is crucial for achieving sustainable long-term success of the Group.

Anti-Corruption Policy

The Company is committed to observing and upholding high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times.

With such commitment in mind, the Company has established and adopted the Anti-Corruption Policy to strengthen the standards of conduct of its employees and ensure that our employees are in line with our high standard of business ethics and comply with the applicable laws in Hong Kong and the PRC. The overall Anti-Corruption Policy framework is jointly supervised by the Board, its designated board committees and the senior management. The Company conducts regular anti-bribery and corruption risk assessment to evaluate the effectiveness of the framework and ensure it is properly and adequately managed and implemented.

Whistleblowing Policy

The Company has adopted the Whistleblowing Policy to facilitate the achieving of high possible standards of openness, probity and accountability. The Whistleblowing Policy is in place to create a system for an employee or a third party such as customers, suppliers, subcontractors and who deal with the Group decides to report a serious concern about any suspected fraud, malpractice, misconduct or irregularity. Any employee or third party who has legitimate concern can report to the Company by mail or email. The Group will endeavour to protect the whistleblower from detriment and all reports will be kept in confidence and anonymity.

During the year under review, no incident of fraud or misconduct was reported from employees and other third party that has material effect on the Group's financial statements and overall operations. The Company would regularly review the Whistleblowing Policy to ensure its effectiveness.

Dividend Policy

The Board has adopted a dividend policy which sets out the principles and guidelines of the Company in relation to the distribution of dividend to its Shareholders. Under the dividend policy, the declaration and payment of dividends shall be in accordance with the applicable laws and the relevant provisions of the Articles effective from time to time.

The Board's dividend policy sets out that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth of the Company.

The Board shall consider the following factors before declaring or recommending dividends:—

- the Group's actual and expected financial conditions;
- the Group's working capital requirement, business plan, future operations and earnings;
- the interest of Shareholders; and
- any restrictions on payment of dividends that may be imposed by the Group's lenders, the general market sentiment and circumstances and any other factors the Board deems appropriate.

The dividend payout ratio will vary from year to year. There is no assurance that dividends will be paid in any particular amount for any given period.

Communication with Shareholders and Investor Relations

The Company has adopted a shareholders communication policy in order to maintain effective communications with Shareholders and investors to ensure that the Group's information is disseminated to the Shareholders and potential investors in a timely manner and enable them to have a clear assessment of the enterprise performance.

The Company has established several channels to communicate with its Shareholders as follows:

(i) Corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.greatharvestmg.com.

(ii) The Company will communicate with Shareholders from time to time by way of other communications including but not limited to announcement, circular and other notices.

(iii) The annual general meeting and various general meetings are valuable forums for the Board to communicate directly with the Shareholders.

(iv) The Shareholders may direct their enquiries to the Hong Kong branch share registrar and transfer office and/or by post to the Company's principal place of business in Hong Kong.

The Company has reviewed the implementation and effectiveness of the shareholders' communication policy from time to time. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Board Diversity Policy

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

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

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

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

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

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

Director Nomination Policy

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

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

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational, background, ethnicity, professional experience, skills, knowledge and length of service;
- requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures and process for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 March 2022, 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.

According to code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year ended 31 March 2022, the chairman had met the independent non-executive Directors collectively and individually without the presence of other Directors.

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 C.1.4 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 *(resigned with effect from 18 August 2021)*	A, B
Independent non-executive Directors	
Mr. CHEUNG Kwan Hung	A, B
Dr. CHAN Chung Bun, Bunny	A, B
Mr. WAI Kwok Hung	A, B

A: Reading materials on legal and regulatory updates

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

Corporate governance functions

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

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

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

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

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

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

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

During the year ended 31 March 2022, the Board reviewed and monitored the training of the Directors, and the Company's policies and practices on compliance with legal and regulatory requirements.

Board committees

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

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

Audit Committee

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

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

The Audit Committee held two meetings during the year ended 31 March 2022 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 2022 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 2022 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 2022 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 E.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 March 2022 is set out below:

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

Remuneration of Directors

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

Board and Board committee meetings

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

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

The individual attendance record of each Director at the meetings of the Board and the Board committees during the year ended 31 March 2022 is set out below.

Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**
Mr. Yan	9/10 *(Note)*	—	1/1	1/1
Ms. Lam	9/10 *(Note)*	—	—	—
Mr. CAO Jiancheng *(resigned with effect from 18 August 2021)*	1/4	—	—	—
Mr. CHEUNG Kwan Hung	10/10	2/2	1/1	—
Dr. CHAN Chung Bun, Bunny	10/10	2/2	1/1	1/1
Mr. WAI Kwok Hung	10/10	2/2	—	1/1

Note: Mr. Yan and Ms. Lam had attended but abstained from voting and were not counted in the quorum of one of the Board meetings held during the year ended 31 March 2022 in accordance with the Articles.

Auditor's remuneration

During the year ended 31 March 2022, the remuneration payable/paid to the external auditor of the Company is set out as follows:

Services rendered	Year ended 31 March 2022 US$'000
Audit services	130
Non-audit services *(Note)*	69

Note: PricewaterhouseCoopers ("PwC") resigned as the auditor of the Company on 20 June 2022 and SHINEWING (HK) CPA Limited ("SHINEWING") was appointed as the auditor of the Company on 8 July 2022 to fill the casual vacancy following the resignation of PwC. The non-audit services engaged by the Group during the year were conducted by PwC and mainly comprised reviews on interim results of the Group for the six months ended 30 September 2021 and audit planning for the Group.

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 2022 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 Chartered Governance Institute and The Institute of Chartered Secretaries and Administrators. Mr. WONG has complied with Rule 3.29 of the Listing Rules by taking not less than 15 hours of relevant professional training during the year.

Risk management and internal control

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

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

During the year ended 31 March 2022, 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. The Group's systems are designed to manage the risk of failure to achieve corporate objectives and aim to provide reasonable assurance against material misstatement, loss or fraud. The Board delegates to the management to design, implement and conduct ongoing assessment on the Group's 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 the Group's 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

The Group's risk governance structure facilitates risk identification and escalation whilst providing assurance to the Board. The Board assigns clear roles and responsibilities and facilitate the implementation of policies and guidelines. The Group's risk 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	— Oversee of material risks, corporate governance, financial reporting, risk management and internal control systems
Risk reporting and communication	Chief financial officer (the "CFO") and supporting team	— communicate and assess the Group's risk profile and material risks — identify areas for improvement of risk management and internal control systems — track progress of mitigation plans and activities of material risks and report to the Board
Risk and control ownership	Business units, support functions and individuals	— Day-to-day monitoring and execution of internal control systems — Reporting to the CFO according to the risk management framework

Risk Management Process

The Group's risk management process is embedded in its 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	—	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, scrutinises the material risks and ensures the controls and mitigation measures are in place or in progress.
	—	For material and having a longer term effect's emerging risks, the CFO will discuss with the Directors for the monitoring measures and mitigation plans.
Risk review process for investment decisions	—	All new investments must be reviewed on the risk of the investment by the CFO. The CFO and his supporting team will provide suggestions to the Board regarding 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	—	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.

Risk Management Monitoring

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

Inside Information

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

Internal and External Audit Function

Internal Audit Function

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

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

The principal tasks of the internal audit team include:

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

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

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

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

External Audit Function

The Group's former external auditor, PwC resigned on 20 June 2022. To facilitate the audit, the external auditor attended all meetings of the Audit Committee during the year ended 31 March 2022 and up to 20 June 2022. PwC noted that there was no significant internal control weakness discovered during the aforesaid period.

On 8 July 2022, the Group appointed the new external auditor, SHINEWING, which had performed independent statutory audits of the Group's financial statements. SHINEWING noted that there is no significant internal control weakness discovered in its audit for the year ended 31 March 2022.

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 consolidated financial statements of the Group for the year ended 31 March 2022.

The statements 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 93.

The external auditor of the Company draws attention to Note 2.1.1 to the consolidated financial statements, which states that the Group's current liabilities exceeded its current assets by approximately US$66,029,000 as at 31 March 2022, which included convertible bonds of an outstanding amount of US$51,230,000 that were due for settlement on 10 May 2021. The above-said default also triggered the cross default clauses in several other borrowings of the Group and reclassification of long-term borrowings of approximately US$10,811,000 as current liabilities is required at 31 March 2022 under applicable accounting standards. Subsequent to the end of the reporting period, the Group has entered into supplemental settlement agreement that the bondholder has agreed to a new repayment term and among others, to withdraw the winding-up petition that the bondholder filed to the court on 24 February 2022.

The Group is undertaking a number of financing plans and other measures as described in Note 2.1.1 to the consolidated financial statements in order to ensure that the Group is able to meet its commitments in the next twelve months after the reporting date. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the next twelve months from the date of approval of the consolidated financial statements contained in this annual report for issuance. However, the likelihood of successful implementation of these financing plans and other measures, as set forth in Note 2.1.1 to the consolidated financial statements, show the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The external auditor's opinion in the section headed "Independent Auditor's Report" in this annual 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 the Shareholders and encourage effective participation by the Shareholders at general meetings of the Company.

During the year ended 31 March 2022, one general meeting of the Company was held, i.e. the annual general meeting of the Company held on 18 August 2021, 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 *(resigned with effect from 18 August 2021)*	1/1
Mr. CHEUNG Kwan Hung	1/1
Dr. CHAN Chung Bun, Bunny	1/1
Mr. WAI Kwok Hung	1/1

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

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

The new 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.

The Company amended its constitutional documents during the year ended 31 March 2022 to reflect the change of name of the Company, to bring the constitution of the Company in line with the amendments made to the applicable laws of the Cayman Islands and to incorporate certain previous amendments. Please refer to the announcements of the Company dated 15 July 2021, 18 August 2021 and 13 September 2021 and the circular of the Company dated 20 July 2021 for further details.

The latest versions of the constitutional documents are available on the websites of the Company and the Stock Exchange.

AUDIT COMMITTEE REPORT

For the year ended 31 March 2022, 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 statements for the year ended 31 March 2022. 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 2022. The Audit Committee therefore recommended the consolidated financial statements for the year ended 31 March 2022 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 Group for the year ended 31 March 2022 have been audited by SHINEWING.

Update on remedial measures

The consolidated financial statements of the Group for the year ended 31 March 2021 was subject to the disclaimer of audit opinion by the auditor of the Company as detailed in the 2021 annual report of the Company (the "2021 Annual Report"). After the completion of 2022 annual audit, the disclaimer of audit opinion has been removed and only the material uncertainty as mentioned in the section headed "Material Uncertainty Related to Going Concern" remained in the section headed "Independent Auditor's Report" in this annual report. Further to the management's response and relevant remedial measures taken and to be taken by the management as set out in Note 2.1.1 to the consolidated financial statements in the 2021 Annual Report, the Audit Committee has critically reviewed the management's position for the year ended 31 March 2022 and has accordingly considered, recommended and agreed with such remedial measures taken or to be taken as set out in Note 2.1.1 to the consolidated financial statements in this annual report.

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

Hong Kong, 24 August 2022

DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the audited consolidated financial statements for the year ended 31 March 2022.

Principal activities

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

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

Business review

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622), including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business are contained in the section headed "Management Discussion and Analysis" of this annual report. This discussion forms part of this Directors' Report. In addition, details of the Group's financial risk management are disclosed in Note 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 100. The Directors did not recommend payment of any final dividend for the year ended 31 March 2022 (2021: Nil).

Environmental, social and governance matters

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 on pages 59 to 92 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 2022, 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 2022, there was no material and significant dispute between the Group and its employees, customers and suppliers.

Reserves

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

Property, plant and equipment

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

Distributable reserves

As at 31 March 2022, the Company has no distributable reserves (31 March 2021: Nil).

Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles 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 2022 are set out in Note 19 to the consolidated financial statements.

Equity-linked agreements

Save for the Top Build Convertible Bonds and (i) the exercise of the outstanding options under the 2011 Share Option Scheme and/or (ii) the grant of options under the Share Option Scheme of the Company as referred to in the paragraph headed "Share Option Scheme" below, no equity-linked agreements (as defined under the Companies (Directors' Report) Regulation, Chapter 622D of the Laws of Hong Kong) that will or may result in the Company issuing Shares or that require the Company to enter into any such agreement that will or may result in the Company issuing shares were entered into by the Company during the year or subsisting at the end of the year. Please refer to the section headed "Share Option Scheme" below and Note 20 to the consolidated financial statements for further information about the Share Option Scheme; and the section headed "Management Discussion and Analysis — Financial Review — Convertible Bonds" and Note 24 to the consolidated financial statements for further information about the Top Build Convertible Bonds.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares for the year ended 31 March 2022.

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) *(resigned with effect from 18 August 2021)*

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)

According to Article 84, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), 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 an annual general meeting of the Company at least once every three years.

In addition, pursuant to code provision B.2.3 of the CG Code, if an independent non-executive director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders of the listed issuer. The papers to shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination. Each of Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung was appointed as an independent non-executive Director on 13 September 2010 and has served as an independent non-executive Director for more than nine years.

Accordingly, each of Mr. CHEUNG Kwan Hung, Dr. CHAN Chung Bun, Bunny and Mr. WAI Kwok Hung will retire as Directors at the forthcoming annual general meeting of the Company (the "Annual General Meeting"). Mr. CHEUNG Kwan Hung and Dr. CHAN Chung Bun, Bunny, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

Mr. WAI Kwok Hung has informed the Board that he would not offer himself for re-election at the Annual General Meeting due to his own decision to devote more time to his personal engagements. Upon his retirement as an independent non-executive Director, Mr. WAI Kwok Hung will also cease to be a member of each of the Audit Committee and the Nomination Committee. He has confirmed that his retirement is not due to any disagreement with the Board and there is no other matter relating to his retirement that needs to be brought to the attention of the Shareholders. The Board would like to thank Mr. WAI Kwok Hung for his contributions to the Company during his tenure of office.

In order to fill the vacancies on the Board and its committees as a result of the resignation of Mr. WAI Kwok Hung, the Board proposes to elect Ms. WONG Tsui Yue Lucy as an independent non-executive Director. The appointment of Ms. WONG Tsui Yue Lucy is subject to the approval of the Shareholders at the Annual General Meeting. The term of office of Ms. WONG Tsui Yue Lucy will commence from the date on which approval of her appointment by the Shareholders is obtained at the Annual General Meeting. Further details regarding Ms. WONG Tsui Yue Lucy will be disclosed in the papers to the Shareholders accompanying the resolution for her proposed election as an independent non-executive Director.

Biographical details of Directors and senior management

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

Directors' service contracts

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

Permitted indemnity provisions

The Articles, which are currently in force and were in force during the year ended 31 March 2022, 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 2022, no claims were made against the Directors.

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

As at 31 March 2022, 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:

Interests and Short Position 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 11)*
Mr. Yan	Interest of controlled corporation *(Note 2)*	614,990,000 (L)	—	64.56%
	Family interest *(Note 3)*	11,370,000 (L)	—	1.19%
	Family Interest *(Note 4)*	30,192,500 (L)	—	3.17%
	Beneficial owner and interest of spouse *(Note 5)*	—	381,843,064(S)	40.08%
Ms. Lam	Interest of controlled corporation *(Note 6)*	645,182,500 (L)	—	67.73%
	Beneficial owner *(Note 3)*	11,370,000 (L)	—	1.19%
	Beneficial owner and interest of spouse *(Note 5)*	—	381,843,064 (S)	40.08%
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%

Notes:

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

(2) These 614,990,000 Shares were held by Ablaze Rich. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO.

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

(4) These 30,192,500 Shares were held by All Ages. The entire issued share capital of All Ages was owned as to 50% by Ms. Lam and as to 50% by Mr. YAN Yui Ham, the son of Ms. Lam and Mr. Yan. As Mr. Yan and Ms. Lam have a spousal relationship, Mr. Yan was deemed to be interested in the Shares in which Ms. Lam was interested by virtue of the SFO.

(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 favour of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase the Top Build Convertible Bonds. On 15 July 2020, Sfund has exercised the put options. As at the date of this annual report, the completion of the put option has not taken place. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules. As Mr. Yan and Ms. Lam have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares in which the other was interested by virtue of the SFO.

(6) These 645,182,500 Shares were held as to 614,990,000 Shares by Ablaze Rich and as to 30,192,500 Shares by All Ages. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO. The entire issued share capital of All Ages was owned as to 50% by Ms. Lam. As such, Ms. Lam was deemed to be interested in the Shares held by All Ages by virtue of the SFO.

(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 2011 Share Option Scheme. All these share options remained outstanding as at 31 March 2022.

(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 2011 Share Option Scheme. All these share options remained outstanding as at 31 March 2022.

(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 2011 Share Option Scheme. 300,000 share options remained outstanding as at 31 March 2022.

(10) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 31 March 2022.

Interest in shares and underlying shares of an associated corporation:

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

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

Save as disclosed above, as at 31 March 2022, 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 and Short Position in Shares and underlying Shares of the Company

As at 31 March 2022, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 4)*
Ablaze Rich	Beneficial owner	614,990,000 (L)	—	64.56%
廣州匯垠發展投資合夥企業(有限合夥) (Guangzhou Huiyin Development Investment Partnership Enterprise (Limited Partnership))* ("Guangzhou Huiyin Development")	Beneficial owner *(Note 2)*	74,265,000 (L)	—	7.80%
Sfund	Beneficial owner *(Note 3)*	—	381,843,064 (S)	40.08%

Notes:

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

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

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

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

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

The Top Build Convertible Bonds to which these 381,843,064 underlying Shares relate were held by Sfund, which was wholly owned by Guangzhou Huiyin Tianyue. Please refer to note 2 above in respect of the relationship between Guangzhou Huiyin Tianyue and its controlling companies. By virtue of the SFO, each of Guangzhou Huiyin Tianyue, Guangzhou Technology Financial Holdings, Guangzhou Industry Investment and Guangzhou City Construction Investment was deemed to be interested in all the Shares in which Sfund is interested.

(4) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

* *for identification purpose only*

Directors' rights to acquire Shares or debentures

Save as disclosed in the section headed "Share Option Scheme" below and the put options granted in favour of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase the Top Build Convertible Bonds, at no time during the year ended 31 March 2022 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 previously adopted the 2011 Share Option Scheme on 19 August 2011, which has expired on 18 August 2021, being ten years from its commencement date. No share option had been granted under the 2011 Share Option Scheme during the year ended 31 March 2022 and before its expiration on 18 August 2021. Accordingly, no further options to subscribe for Shares may be granted or made under the 2011 Share Option Scheme from that date onwards. As at the date of this annual report, 4,450,000 share options were outstanding under the 2011 Share Option Scheme. Accordingly, as at the date of this annual report, the number of Shares available for issue under the 2011 Share Option Scheme was 4,450,000 Shares, representing approximately 0.5% of the issued Shares. For further details of the terms of the 2011 Share Option Scheme, please refer to the annual report of the Company for the year ended 31 March 2021.

Accordingly, the Company has adopted the new Share Option Scheme on 18 August 2021 to enable the Group to grant share options to eligible participants as incentives or rewards for their contribution to the Group. A summary of the new Share Option Scheme is set forth below.

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 design, 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; (i) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; and (j) any company wholly owned by one or more eligible participants as referred to in (a) to (i) 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 18 August 2021.

The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the Shares 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 95,261,351 Shares, representing 10% of the Shares in issue as at 18 August 2021 (i.e. the date on which the Share Option Scheme was adopted by the Company) and approximately 10% 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.

If the Company conducts a share consolidation or subdivision, the maximum number of Shares that may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Group under the General Scheme Limit as a percentage of the total number of issued Shares as at the date immediately before and after such consolidation or subdivision (i.e. 10% of the Shares in issue) shall be the same.

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 and outstanding options) to each grantee within any 12-month period shall not exceed 1% of the Shares in issue 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 proposed grantee, his associates and all core connected persons (as defined in the Listing Rules) of the Company must abstain from voting in favour at such 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 are vested and/or 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.

No share option has been granted under the Share Option Scheme since its commencement date (i.e. 18 August 2021) and up to 31 March 2022.

During the year ended 31 March 2022, movements of the share options granted under the 2011 Share Option Scheme are summarised as follows:

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 2021	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 March 2022
Directors										
Mr. Yan	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	700,000	—	—	700,000	—	0
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	700,000	—	—	700,000	—	0
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	700,000	—	—	700,000	—	0
					2,100,000	—	—	2,100,000	—	0
Ms. Lam	21 October 2011	21 October 2012–20 October 2021	$1.15	$1.15	700,000	—	—	700,000	—	0
	21 October 2011	21 October 2013–20 October 2021	$1.15	$1.15	700,000	—	—	700,000	—	0
	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	700,000	—	—	700,000	—	0
					2,100,000	—	—	2,100,000	—	0
Mr. CAO Jiancheng *(Note 1)*	21 October 2011	21 October 2014–20 October 2021	$1.15	$1.15	2,000,000	—	—	2,000,000	—	0
	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	2,300,000	—	—	—	—	2,300,000
					4,300,000	—	—	2,000,000	—	2,300,000
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	—	—	6,200,000	—	4,200,000
Employees	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	400,000	—	—	400,000	—	0
Sub-total					400,000	—	—	400,000	—	0
Others *(Note 2)*	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	250,000	—	—	—	—	250,000
Sub-total					250,000	—	—	—	—	250,000
Total					11,050,000	—	—	6,600,000	—	4,450,000

Notes:

(1) Mr. CAO Jiancheng resigned as executive Director with effect from 18 August 2021 and retired on January 2022. The remaining share options under the Share Option Scheme remained exercisable by Mr. CAO in whole or in part within a period of 12 months following the date of cessation of his employment.

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

Public float

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

Contracts of significance

Save for the loan facility agreements entered into between Ablaze Rich and the Company dated 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 and the deeds of funding undertakings entered into between Ablaze Rich, Mr. Yan and Ms. Lam and the Company dated 30 September 2020 and 30 September 2021, 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 2022. 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 2022.

Related party transactions

Details of significant related party transactions of the Group for the year ended 31 March 2022 are set out in note 29 to the consolidated financial statements. All of such transactions fall under definition of "connected transaction" in Chapter 14A of the Listing Rules. In respect of each of such transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (where applicable).

Major customers and suppliers

For the year ended 31 March 2022, the Group's five largest customers together accounted for about 100% of the Group's total chartering revenue and the largest customer accounted for about 35.9% 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 1 to 9 years of business relationship with the Group.

For the year ended 31 March 2022, the Group's five largest suppliers together accounted for about 89.0% of the Group's costs of services, and the largest supplier accounted for about 79.9% 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 9 to 11 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 2022 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.

The Company has 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.

The independent non-executive Directors had reviewed the compliance with the Deed of Non-competition during the year ended 31 March 2022 and up to the date of this annual report based on information and confirmation provided by the Controlling Shareholders, and they were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition.

Change in Directors' biographical details

Changes in Director's biographical details for the year ended 31 March 2022 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:

Mr. CHEUNG Kwan Hung has resigned as independent non-executive director of NewOcean Energy Holdings Limited with effect from 17 December 2021.

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

Closure of register of members

The register of members of the Company will be closed from Tuesday, 27 September 2022 to Friday, 30 September 2022 (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 branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 26 September 2022.

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

As disclosed in the announcements of the Company dated 20 June 2022 and 8 July 2022, PwC has resigned as the auditor of the Company with effect from 20 June 2022 as the Company and PwC could not reach a consensus on the audit fee for the financial year ended 31 March 2022. Subsequently, the Board has, with the recommendation of the Audit Committee, resolved to appoint SHINEWING as the auditor of the Company with effect from 8 July 2022 to fill the casual vacancy following the resignation of PwC, and to hold office until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements of the Group for the year ended 31 March 2022 have been audited by SHINEWING. SHINEWING will retire at the conclusion of the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. A resolution to re-appoint SHINEWING 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, 24 August 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

Great Harvest Maeta Holdings Limited (the "Company") and its subsidiaries (collectively the "Group", "we", "our" or "us") are pleased to present our annual Environmental, Social and Governance ("ESG") Report (the "Report"). The Report summarises the Group's policies, management approaches and initiatives to demonstrate our long-term commitment to sustainable development and to ensure that our business activities, at all levels, are conducted in an economically, socially and environmentally responsible manner. For the information regarding the Group's corporate governance, please refer to the section of the corporate governance report from page 59 to page 92 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 in the People's Republic of China ("PRC") during the period from 1 April 2021 to 31 March 2022 (the "Year" or "2021/22").

Reporting Standard

The Report has been prepared in accordance with the second version of 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 the following reporting principles:

Materiality

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

Quantitative

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

Balance

- The ESG Report presented the Group's environmental and social performance on an impartial basis and provided an objective reporting disclosure for readers.

Consistency

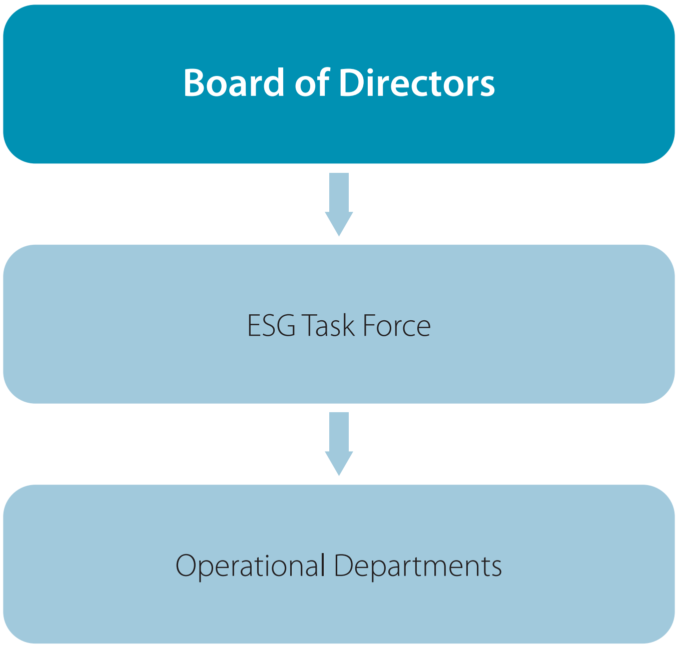
- The methods of data calculation for environmental and social key performance indicators are followed with the previous reporting year for data consistency, unless otherwise stated. The methodology of the data calculation is then described in the corresponding section.

The ESG Report has been reviewed and approved by the board of directors of the Group (the "Board") in 24 August 2022.

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.

Governance Structure



A well-rounded ESG governance structure is sustaining the Group's long-term development. The Board is responsible for 1) overseeing the Group's ESG strategies, 2) reviewing progress made against ESG-related goals and targets and 3) formulating long-term sustainability direction across our business chain, and thus providing strategic guidance on the ESG-related issues.

Chaired by our Chief Executive Officer, our ESG Task Force comprises the senior management such as the Chief Financial Officer and company secretary and the representative of the core business segment, review the key international trends in legislation, regulation and any mandatory disclosure requirements regarding social, environmental and ethical standards of corporate behaviour, and recommend anticipatory measures and action plans based on the determined ESG strategies. In addition, our ESG Task Force reviews and maintains stakeholder communication in relation to the ESG issues to identify, evaluate and manage material ESG related issues and prepare for the ESG reporting disclosure.

The operational departments are responsible for the execution of ESG-related action plans proposed by the ESG Task Force in daily operations, supporting stakeholder engagement activities and keeping track of the performance progress achievements in terms of the determined objectives and initiatives.

Stakeholder Engagement

We recognise that 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 would concern about the most, as well as actively exchange 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 has 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 • Regular license renewal
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 support and welfare 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

Materiality Assessment

The Group conducted a materiality assessment to identify the ESG issues that matter most to our businesses and stakeholders for directing the formulation of ESG strategy and reporting disclosure. We continuously review and disclose the material ESG issues and strengthen the focus areas of ESG management in response to the concerns of various stakeholders.

Process of materiality assessment

Identification of relevant ESG topics

- Based on the Group's existing businesses, the requirements of ESG reporting guidelines, and industry ESG management priorities, potential ESG topics were identified.

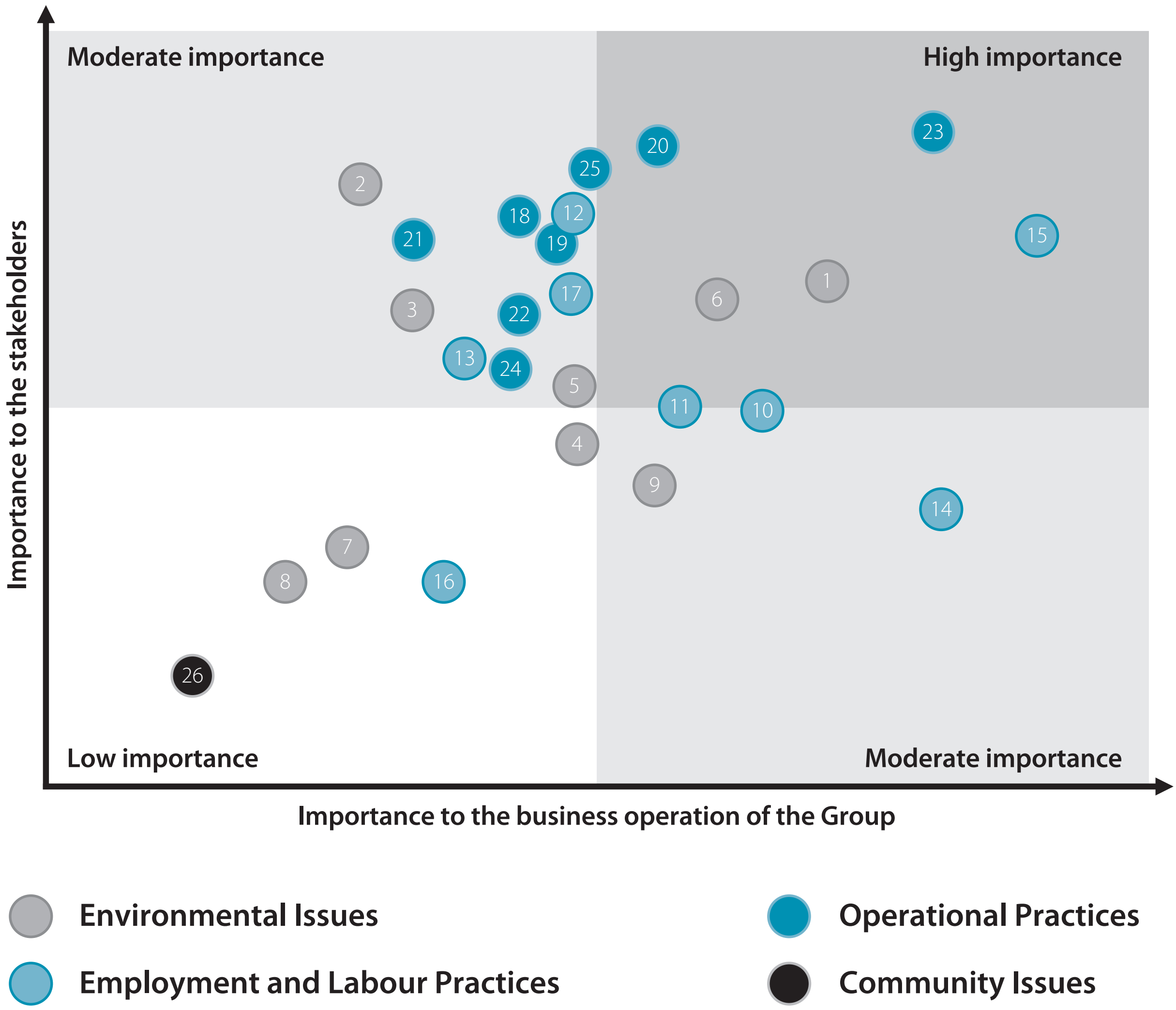
Review of materiality matrix and material ESG topics

- Considering the business operations, industry development trends, ESG related standards and guidelines, together with the material ESG topics identified last year, we then reviewed and updated the materiality matrix with ESG topics that are material to the Group.

Response to material ESG topics

- According to the materiality of ESG issues, we determined the focus area of ESG management as well as the direction of the reporting disclosure.

Considering that there is no significant change in the Group's business nature, the current situation of the business environment and stakeholders' viewpoints via regular communication — Occupational Health and Safety, Customer Privacy Protection, Employee Relations, Anti-corruption and Customer Health and Safety for the Year remain the material topics that the Group shall focus on in ESG management.


Moderate importance
High importance
Low importance
Moderate importance
Importance to the stakeholders
Importance to the business operation of the Group
1
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3
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23
24
25
26
Environmental Issues
Operational Practices
Employment and Labour Practices
Community Issues

Environmental

1. Air emission
2. Energy efficiency
3. Greenhouse gas emissions
4. Climate change and response
5. Waste disposal and recycling
6. Water and wastewater management
7. Green office
8. Green procurement
9. Ecological impacts

Social

10. Employment rights and benefits
11. Employee recruitment and retention
12. Employee communication
13. Diversity and equal opportunities
14. Employee engagement
15. Occupational health and safety
16. Employee training and career development
17. Elimination of child and forced labour

Operating Practice

18. Service quality
19. Customer health and safety
20. Customer privacy protection
21. Customer satisfaction
22. Customer complaint handling
23. Critical incident risk management
24. Supply chain management
25. Anti-corruption

Community

26. Community engagement and investment

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 the 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 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 onboard, especially for the vessels which operate 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, the 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 the safe operation of ships as well as prevention of pollution. The ISM code requires all vessel owners, or the manager or bareboat charterer who has assumed responsibility for operating and/or managing the ship to establish a safety management system with the policy to achieve the objective as stated in the ISM code.

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

  With the vessels incorporated in Hong Kong with the flag of Hong Kong, it is required to comply 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 according to the ISM Code and MARPOL for each of the Group's vessels to demonstrate compliance with various requirements regarding air pollution, oil pollution and other kinds of marine pollution control.

During the Year, 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 crucial to business success and sustainability. It is therefore of paramount importance to provide a pleasant, inclusive and harmonious workplace and 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, including the Employment Ordinance (CAP.57) of Hong Kong, Employees' Compensation Ordinance (CAP.282) of Hong Kong, Mandatory Provident Fund Schemes Ordinance (CAP.485) of Hong Kong, Minimum Wage Ordinance (CAP.608) of Hong Kong, the Labour Law of the PRC《中華人民共和國勞動法》, the Labour Contract Law of the PRC《中華人民共和國勞動合同法》, Law of the PRC on Protection of Minors and Regulations on Prohibiting Use of Child Labour. The Group complied with the relevant labour laws and regulations where we operate 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

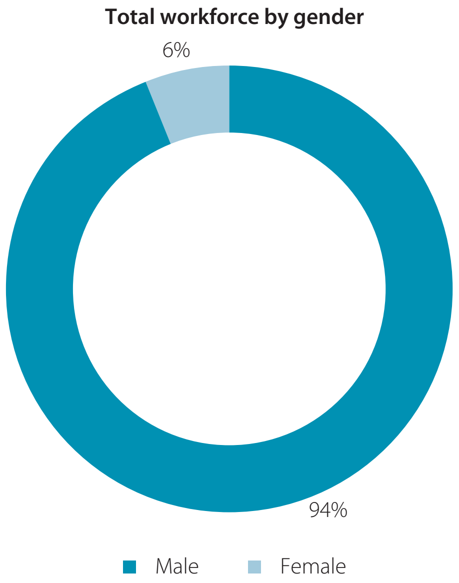
The Group offers competitive remuneration and benefits package for our full-time employees in Hong Kong and PRC, including fixed monthly salary, leaves, fixed working hours, allowances, medical insurance, discretionary bonus and Mandatory Provident Fund Schemes or social insurance coverage (i.e. pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing funds) to eligible staff. Share options may be granted to eligible employees apart from basic remuneration. In addition to annual leaves and statutory leaves, all employees are entitled to marriage leave, maternity leave, paternity leave, sick leave and compassionate leaves. We conduct regular reviews and adjustments on the employee remuneration package to ensure employees are rewarded in a fair means as well as in line with the prevailing market practices and conditions. With the continuous situation of COVID-19 during the Year as at 31 March 2022, 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 who are remained on board with the bonus of half of the basic salary pro rated. The Group also closely monitored the COVID-19 pandemic situation in different countries to ensure the change of crew members was undertaken in a safe circumstance.

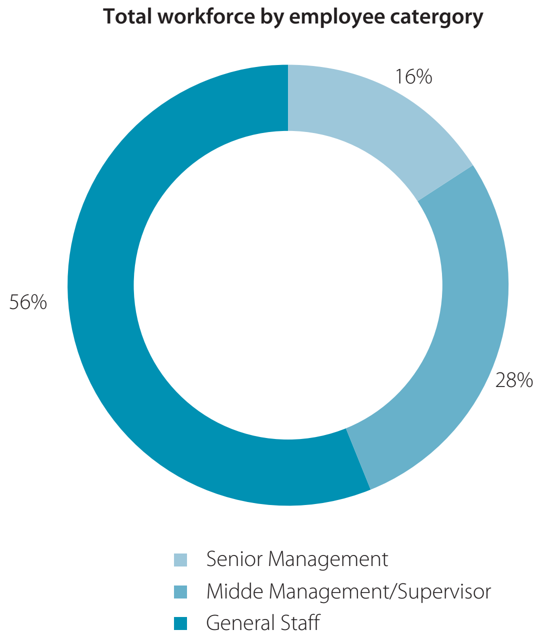
The Group has formulated human resources management policies with respect to equal opportunities, diversity and anti-discrimination, to ensure all the employment-related issues, including recruitment, transferal, promotion, training, performance review and dismissal, are in fair treatment with our employees and job candidates 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.

The Group is committed to respecting and protecting 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 their 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.

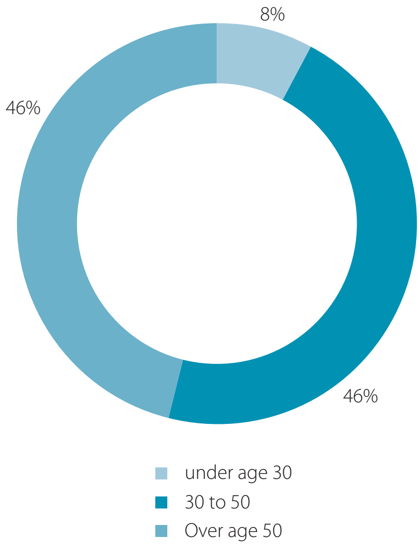
Employee Profile

As of 31 March 2022, the Group had 88 full-time employees. The breakdown of the total workforce regarding gender, employee category, age group and geographical region are shown below.

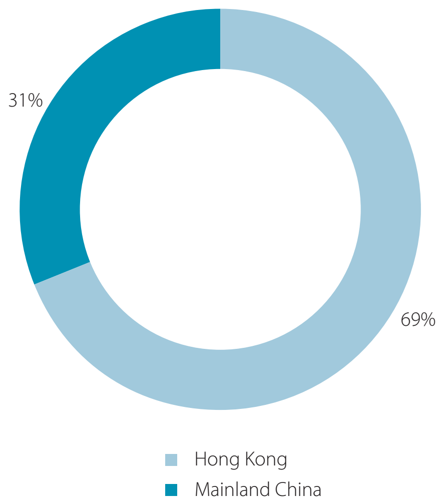




Total workforce by age group Note 1



Total workforce by geological regions Note 1



Note 1: The figures are only covered the employees of onshore staff and property investment and development in Mainland China.

	Turnover rate (%) Note 1
By Gender	
Male	36
Female	22
By Age Group	
Under age 30	0
30 to 50	36
Over age 50	25
By Geographical Region	
Hong Kong	35
Mainland China	25

Note 1: The figures have covered only the employees of onshore staff, and staff stationed for property investment and development in Mainland China.

Health and Safety

Health and safety in all varieties of workplace genres are highly valued, the Group place a high level of importance to provide a safe and reliable vessel fleet to our clients. The Group has engaged a contractor with enriched experiences, to provide maritime solutions, crew and shipment management in monitoring the safety of the shipboard operation for each of the Group's vessels. A set of safety policies and management procedures are implemented in collaboration with the contractor, including (1) safety and environmental protection policy; (2) instructions and procedures to ensure safe operations of ships and protection of the environment in compliance with relevant international and relevant flag states' 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, avoid and address the safety risks. Proper training and obtaining relevant qualifications before working onboard, to ensure vessel operation of each of the Group's vessels have complied with the requirements of the ISM Code.

Onshore business operations of chartering out of dry bulk vessels and property investment and development are mainly conducted in offices, which are expected to pose low health and safety risks. To minimise the risks in our offices and promote safety awareness among our employees, the Group has implemented the following health and safety measures to prevent workplace illness or accidents.

Key health and safety measures implemented in offices

- Establish a reporting mechanism for workplace hygienic issues;
- 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 information on office safety and the latest measures for pandemic prevention regularly to promote a safe working culture.

As part of the Group's commitment to safety, a taskforce has been formed to oversee issues such as office security, fire safety, electrical safety, etc. Additionally, we cover general office safety practices in our employee manual and check the effectiveness of health and safety measures on a regular basis to ensure they are properly defined and executed.

Combating COVID-19 measures

We acknowledge that it is of paramount importance to provide our employees with a virus-free working environment, for our smooth operation of businesses — hence we have placed minimising COVID-19 infection risk in workplaces as one of our top priorities. The Group has implemented a comprehensive COVID-19 Prevention & Outbreak Management plan onboard all vessels, including 1) hygienic practices to protect seafarers from COVID-19, 2) provision of safety training and safety measures to seafarers and new crews when they attend the vessel or sail with the vessel and 3) contingency plan in the event of suspected case on board and procedures to respond and recover from any outbreaks of disasters.

A robust response plan and epidemic preventive measures have been implemented under the outbreak of COVID-19, particularly the fifth wave of COVID-19 in Hong Kong, to safeguard the health and well-being of onshore employees. Followed the protocol, guidelines and health advice on preventing COVID-19 as issued by the government where we operate, we ensure that any infected employees or employees with close contact with confirmed cases undergo quarantine and/or stay home until the specific quarantine period ended and being tested negative for COVID-19. Work-from-home arrangement and flexible working hours are allowed to avoid crowds during the pandemic. The Group also requires all employees to wear a facial mask at all times on all working premises and conduct rapid antigen tests before work. Besides, all office carpets, air-conditioning, and office facilities are disinfected regularly by professional cleaning and disinfection personnel.

During the Year, the Group has complied with the Occupational Safety and Health Ordinance (CAP.509) 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 2021/22.

	2019/20	2020/21	2021/22
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0
Number of injuries at Work	0	0	0
Lost days due to injury at work	0	0	0

Development and Training

Our business growth and success depend on our team of skilled and professional talents. The Group offers training and development opportunities for our employees at all levels to motivate and build up their latest professional expertise in order to meet the ever-changing needs in the industry. We have formulated the procedures to identify the training needs of our employees through performance appraisals and devise training programmes for our employees accordingly, to facilitate employees in enriching their professional knowledge of their job duties.

Considering each position has its respective professional and technical requirements, the Group ensures that each new employee is provided with the proper mentoring to help them adapt to the new workplace swiftly. Besides, directors and senior management are required to participate the training sessions and seminars covering topics like corporate governance, ethics and integrity, risk management, legal and regulatory requirements, and occupational safety.

Some training programmes by external parties such as continuous professional development courses are offered to relevant staff to maintain appropriate professional qualifications and skills. Subsidies are also granted to eligible employees to support continuous learning in their spare time.

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

Development and Training Profile *Note 2*

	2021/22
Total hours of employee training	32.5
Percentage of employees who received training	8
Average hours of employee training	2.5

	Percentage of employees trained (%)	Average training hours (hours/ employee)
By gender		
— Male	13	4.1
— Female	0	0
By employment category		
— Senior Management	50	16.25
— Middle Management/Supervisor	0	0
— General Staff	0	0

Note 2: The figures have covered only the employees of onshore staff, and staff stationed for property investment and development in Mainland China.

Operating Practices

The Group strives to incorporate sustainability into our core business values, as a part of our corporate responsibility. Accordingly, the Group encourages our business partners to embed sustainability practices and policies into their operations, so as to foster an ethical, fair and sustainable corporate culture.

Supply Chain Management

The Group attaches great emphasis on building a lasting collaboration with our partners, to foster our business continuity and ensure the delivery of services of high quality. The major suppliers of the Group are the contractor for vessel assets and technical management, and office appliances suppliers. To assess the business capability of the suppliers for material supplies and services, the Group has implemented a supplier management system to account for the suppliers' qualification, regulatory compliance, safety management, corporate background and reputation, other than solely taking into account the price. 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 severe environmental or social accidents.

We appreciate our business partners adopting ambitious environmental and social practices — ranging from employment practices to human rights protection, environmental, health and safety management etc., with the ultimate goal to achieve sustainable development. We prioritise engagements with suppliers and service contractors that demonstrate sustainability leadership.

During the Year, the Group engaged a total of 19 suppliers which were mainly located in Hong Kong.

Supplier Profile

Country/City	2021/22
Hong Kong	16
The PRC	1
Germany	1
US	1

Product Responsibility

Quality assurance is a core element of maintaining our industrial competitiveness. We endeavour to continue enhancing our strong bonding with our existing clients by prioritising their needs, as well as adopting product quality management.

Chartering out of dry bulk vessels

All the vessels of the Group are hiring out under the time charter. The Group upholds the responsibility to provide the vessel technical and maintenance management for the charterers, to ensure the vessels are operated in safe and optimal condition. Maintenance and repair of vessels are to be performed by eligible and approved contractor regularly, complying with relevant international conventions, laws, regulations and manufacturer requirements, assure operational readiness and the provision of trustworthy services as complied with applicable laws and regulations.

Property development and investment

Despite the Group's property development project is currently under the planning stage, the Group would continue to comply with relevant laws and regulations in relation to building construction, advertising, labelling and consumer protection, such as the 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

We value feedback and concerns raised associated with our quality of service from our clients, hence various communication channels are provided, including telephone hotline, emails and the Company's website, to ensure their needs and complaints are treated promptly. There were no complaints received against our services due to health and safety issues during the Year.

Protection of Data Privacy and Security

To safeguard corporate information and customer data privacy, all employees acknowledge and undertake to comply with the confidentiality obligations outlined in the Employee Handbook. The Group put every effort to protect data privacy to protect the corporate interest and comply with the relevant laws and regulations such as the Personal Data (Privacy) Ordinance (CAP. 486) of Hong Kong and the Data Security Law of the PRC. By stating the policy related to data privacy in our employee handbook and employee contract, it alerts all of our employees are required to strictly follow the relevant regulations, and exercises all their care when handling the corporate confidential information, including but not limited to trade secrets, employee personal data, client information and financial budgets. For instance, all confidential information is prohibited from divulging confidential information to third parties during their employment or any time thereafter without authorisation. Moreover, all the data are securely encrypted and managed to prevent unauthorised information leakage or accidental access, processing, erasure or other use.

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

Anti-corruption

The Group recognises business integrity and ethics are the premises of continuous business development. We exact zero tolerance for all forms of corruption and bribery along the value chain. A series of policies of anti-fraud and anti-bribery is established to ensure all business activities and behaviours of our employees are in line with our high standard of business ethics and comply with the applicable laws and regulations such as the Prevention of Bribery Ordinance (CAP.201) 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, all forms of bribery and corruption are strictly prohibited, including soliciting, accepting or offering any bribe from/to our business partners and clients or abusing their power of position in undertaking personal advantages in our business dealings.

The whistleblowing policy is in place to enable our employees and other parties to raise concerns about any suspected cases of misconduct, malpractice, impropriety, unethical or unfair treatment through our established reporting channel. In case of any reported cases, our Audit Committee would undergo an investigation to verify the reported case. To ensure the confidentiality of the whistleblowing mechanism, all information received including the identity of the whistle-blower will be treated where possible in the strictest confidence. Our Audit Committee reserves also the right to refer the cases to the Chairman for further handling and the judiciary for undergoing criminal investigation.

During the Year, 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

The Group aims to adopt sustainable business operations by incorporating environmental considerations into our operations to maintain our long-term business growth. We strive to optimise our environmental performance and comply with all relevant regulatory and legislative environmental requirements. Other than our environmental protection initiatives, we would cultivate environmental awareness among our employees through various communication channels to create a culture of environmental responsibility.

The influences of recently released international conventions and environmental protection laws and regulations have been evaluated to avoid relevant compliance risks. The focus areas of the evaluation are the operation of dry bulk vessels and property development and investment. The related regulations are MARPOL, ISM Code, Waste Disposal Ordinance (CAP 354) 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". The Group has complied with all legal and regulatory requirements above. In order to reduce emission and natural resources usage, we have integrated relevant requirements with our management system of energy consumption, air emission, greenhouse gas ("GHG") emission, waste disposal as well as other materials usage.

The Group was not aware of any violations of relevant laws and regulations regarding air and GHG emissions, discharge into water and land, and the creation of hazardous and non-hazardous waste during the Year.

Air Emission

In the service of chartered vessels for the transportation of dry bulk cargoes, Nitrogen Oxides (NOx) and Sulphur Oxides (SOx) would be the major air pollutants from the fuel combustion for vessel transportation. Hence, the Group walks the extra mile in ensuring vessels' air emission compliances — both the standard outlined by international conventions and other applicable laws and regulations where we operate.

The Group recognizes all of the vessel engines of the Group' dry bulk vessels, including both main and auxiliary installed on the vessels have no exceedance of emissions limit, in accordance with the revised NOx Technical Code 2008. Regular record and monitoring of vessels' rated power and speed are to ensure emission of nitrogen oxides is within the limit or the prompt maintenance of vessels would be conducted. With the tightening of global air emission standards associated with vessel operation, only low-sulphur fuel oil with sulphur content lower than 3.50% m/m (before 1 January 2020) or 0.50% m/m is allowed when operating outside of an Emission Control Area; and no more than 1% m/m (before 1 January 2015) or 0.10% m/m is allowed when operating inside an Emission Control Area, as specified in regulation 14.3 of Annex VI to the MARPOL Convention. During the Year, the Group has complied with the emission requirements under the MARPOL Convention and there was no incident related to air emission.

With the fluctuating and unpredictable shipping demand due to the unending COVID-19 epidemic, the Group continues to monitor the level of air emissions for dry bulk shipping operations and targets to reduce the air emission progressively, despite no quantitative target being set in the Year.

The below table summarised the Group's air emissions during the Year:

	Unit	2021/22
Nitrogen oxides (NO_x)	kg	1,870,225.47
Sulphur oxides (SO_x)	kg	1,597,430.20
Particulate matter (PM)	kg	132,071.41

Waste Management

Hazardous Waste

In order to prevent hazardous waste pollution, oil rag and waste engine oil, which is the kind of waste generated in the vessel operation and maintenance, are properly sorted and stored in a designated container to prevent leakage and mixing up with non-compatible waste. It is, however, our vessel operation contractor's responsibility to dispose of and consign the abovementioned hazardous waste to licensed waste collectors for further handling and treatment. The Group also ensures that the contractor has provided adequate training for the seafarers on the safety procedures for handling hazardous waste, and formulated corresponding emergency response plans.

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

	Unit	2021/22
Toners	piece	12

Non-hazardous Waste

In our operation, we generate mostly domestic wastes among which recyclable materials, such as paper, glass bottles, and plastics, are properly separated and consigned to the property management company for recycling. Several measures have been implemented to facilitate our employees in waste management and fulfil our waste reduction target, such as reducing printing, using e-fax, reusing single-sided paper etc. The Group has also limited the supply of single-use disposable items to prevent unnecessary waste of materials.

	Unit	2021/22
Domestic waste	kg	5,200

Use of Resources

To handle the waste wisely and reduce our waste to the lowest extent as our directional target, the Group advocates green office practices with the 4R principles ("Reduce", "Reuse", "Replace" and "Recycle") to cut down the waste at source in achieving sustainable operation. The Group also expects to instil the concept of resource optimisation into our employees and business partners, to ultimately minimise the adverse environmental impacts along our value chain.

Energy Use and Greenhouse Gas Emission Management

The Group's major energy consumption sources are fuel oil and electricity. As part of our efforts to reduce greenhouse gas ("GHG") emissions, an assortment of energy-saving practices in the form of signage and posters are attached near the office equipment and working area, to notify our employees of the importance of energy-saving and cultivate employees' environmental awareness.

We strive for conserving energy through the following measures, including but limited to:

- Ensure indoor temperature at an energy-efficient level of 24–26 degree Celsius;
- Draft operation schedule to adopt on-off and zoning control of lighting and ventilation system in the workplace;
- Require employees to switch off machines and devices when they leave or idling;
- Procure energy-efficient electrical appliances (such as those with Grade 1 energy labels);
- Adopt video conference calls to avoid unnecessary business-related travel;
- Attach "Green Message" reminders on office equipment and workplace to further enhance employees' environmental awareness;
- Replace with energy-efficient lights, such as LED luminaires in our offices; and
- Replace the old aged air handling unit and other office equipment with more energy-efficient models to reduce electricity use.

The below table summarised the Group's energy use and GHG emission during the Year:

Energy Consumption	**Unit**	**2021/22**
Fuel Oil	Metric Tonne ("MT")	22,693.14
	Megawatt hour ("MWh")	268,094.45
Marine Gas Oil	MT	891.04
	MWh	11,202.36
Total	MT	23,584.18
	MWh	279,296.81
Intensity	MWh/miles	1.26

GHG Emission	Unit	2021/22
Scope 1 Direct emission	tonne of carbon dioxide equivalent ("tCO_2e")	76,373.21
Scope 2 Energy indirect emission	tCO_2e	N/A
Total GHG emission	tCO_2e	76,373.21
Intensity	tCO_2e/miles	0.35

Water Consumption

With respect to water conservation, the Group endeavours to encourage all employees to utilise the water resources efficiently. We have implemented the following water conservation measures to alert our colleagues on water-saving.

- Pantry and washrooms are posted with water-saving signage;
- Avoid washing hands under a running tap;
- Tighten the faucet to prevent water dripping;
- Maintain regular inspection of water facilities to ensure no leakage; and
- Report the water pipeline leaking phenomenon to the property management company in time.

During the Year, the Group did not encounter any problem in sourcing water 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 recommending the use of electronic communication and document circulation, double-sided printing and the reuse of single-sided paper for printing or drafting, to optimise paper usage.

	Unit	2021/22
Paper	kg	149.7

The Environment and Natural Resources

Despite that the shipping industry is playing a significant role in global trading and supply chain operation, the industry could adversely affect the marine environment in the meantime. Without proper vessel maintenance and operation, vessel shipping can threaten marine biodiversity. Vessel shipping posed adverse impacts on the marine environment including 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. Therefore, the Group request our engaged contractors to set up a maintenance system so as to conduct regular maintenance, from planning, executing and recording vessel maintenance situation at intervals, complying with class and manufacturer requirements. As a result, we can assure the safety and reliability of vessels, while reducing the risk of environmental and safety incidents.

The Group strictly adheres to all international regulations and the safety and environmental objectives of the ISM Code. We hence expect our contractors could conduct a mandatory demonstration of their environmental and safety management system, to proactively mitigate most, if not all, environmental risks that are associated with our business. For all of our vessels, we would attain oil pollution prevention certificates for quality assurance in terms of structure, equipment, fittings, arrangement and materials of the vessels before chartering out to our business partners.

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

Besides the training of our crews for handling various emergencies with due care, the Group also performs regular assessments of the effectiveness of pollution prevention measures. For instance, technical support from external training if deemed necessary.

Climate Change

Given that the pressing concern of combating climate change is circulated globally, it is our ultimate responsibility to mitigate and adapt to the potential impacts of the identified physical and transition risks with an aim to fight against the extreme weather with increasing severity and frequency.

Physical Risks

Acute risk: The increased intensity of extreme weather occurrences (e.g. typhoons, thunderstorms, and rainstorms) would cause severe damage to our assets — both the vessels and our properties, with the examples of broken windows, damaged glass doors, or even water leakage, causing disruption of business operation inevitably. In terms of our provision of services chartering out of dry bulk vessels, pose additional operating and maintenance costs due to severe physical damages, or even the loss of vessels.

Chronic risk: The longer-term shifts in extreme climatic patterns (e.g. flooding caused by rising seawater level, heatwave) generates different levels of impact. Prolonged high temperatures may pose difficulty for staff to work outdoors for extended periods of time, which affects operational efficiency.

Transition Risks

Policy risk: With the continuous and stringent policy updates from the government and institutions for regulating vessel operations in compliance with the latest global environmental emission requirement, the risk of exposure to litigation without complying with the latest obligation may be created. Moreover, the imposition of carbon emissions by the latest implementation of carbon taxes can potentially increase our operating costs.

Market risks: Operation of vessels is often associated with marine pollution, high energy and fuel consumption, and intense carbon emissions — market Investors may shift their investment focus to business with mild impacts on the environment. With the increasing awareness of climate change and environmental conservation, charters may also shift their preference for vessels to those equipped with energy-efficient facilities.

Our Responses

The Group has formulated mitigation strategies and measures to cope with the potential adverse impacts being brought climate change. For example, the Group integrates safety management guidelines for vessel operation under adverse weather events and contingency plan for disruption of business operation, in order to minimize physical damages of vessels and thereby saving additional operating and maintenance costs. We also seek for opportunities to optimize the energy efficiency of our fleets and evaluate the feasibility of adopting potential green fuels (e.g. Ammonia and methanol) for shipping. Local and international market and regulatory context are comprehended and analyzed regularly, with an aim to keep peace with the relevant policies updates and market news.

Our Community

The Group fulfils its corporate social responsibility and contributes to the community. Through community services and sponsorship programmes, we leverage our resources to promote a positive social atmosphere and encouragement to build a closer bonding with our community.

Community Services

Under the severe pandemic situation in Hong Kong, the Group actively participated in the work of the anti-epidemic hotline centre in Yuen Long to provide support for the residents, including recognising the residents' needs, offering corresponding support in a timely manner and providing useful information for addressing their concerns properly regarding the continuous news updates from the government.

Support of Anti-Pandemic Hotline Centre in Yuen Long

Besides, the Group donated 1000 sets of anti-epidemic supplies, including COVID-19 rapid test kits, masks and proprietary Chinese medicine to address the needs of people staying in isolation facilities and alleviate their infectious symptoms.

Distribution of anti-epidemic kits to Hung Shui Kiu Community Isolation Facility

Sponsorship Programs

In support of the continuous effort of Pok Oi Hospital in providing quality medical and social services to the community, the Group has actively participated in various charitable and fund-raising activities organised by Pok Oi Hospital to raise funds for developing quality medical and social services so that more disadvantaged groups can receive appropriate assistance.

Pok Oi Charity Show 2022

Pok Oi Charity Ball 2021

Looking forward, the Group will continue with our benevolent efforts to serve our community through social participation and charitable donation, in order to demonstrate our commitment to creating shared value for our community.

Performance Data Summary

Environmental Performance

	Unit	2021/22
Emission[1]		
Nitrogen oxides (NO_x)	kg	1,870,225.47
Sulphur oxides (SO_x)	kg	1,597,430.20
Particulate matter (PM)	kg	132,071.41
Total GHG emission[2]	tCO_2e	76,373.21
— Scope 1 emission	tCO_2e	76,373.21
— Scope 2 emission	tCO_2e	N/A
Waste		
Hazardous waste (Toner)[3]	piece	12
Non-hazardous waste (Domestic waste)[4]	kg	5,200
Resource use[5]		
Energy		
— Fuel oil	MWh	268,094.45
— Marine gas oil	MWh	11,202.36
Total Energy Consumption	MWh	279,296.81
Energy Intensity	MWh/miles	1.26
Paper[6]	kg	149.7

Social Performance

Employee Profile

	Unit	2021/22
Employee profile[7]		
Total workforce	Number	88
Employees by gender		
Male	Number	83
Female	Number	5
Employees by age[8]		
Under 30	Number	1
Age 30–50	Number	6
Over age 50	Number	6
Employees by employment type		
Full-time	Number	88
Part-time	Number	0
Employees by employee category		
Senior	Number	14
Middle	Number	25
General staff	Number	49
Employees by geographical region[9]		
Hong Kong	Number	9
PRC	Number	4
Employee turnover[10]		
By gender		
Male	%	36
Female	%	22
By age		
Under 30	%	0
Age 30–50	%	36
Over age 50	%	25
By geographical region		
Hong Kong	%	35
PRC	%	25

Occupational Health and Safety Profile

	2019/20	2020/21	2021/22
Work-related fatalities	0	0	0
Work-related accidents	0	0	0
Lost days of work-related injury	0	0	0

Development and Training Profile[10]

Employee Training	2021/22
Total hours of employee training	32.5
Percentage of employees who received training	8
Average hours of employee training	2.5

	Percentage of employees trained (%)	Average training hours (hours/ employee)
By gender		
— Male	13	4.1
— Female	0	0
By employment category		
— Senior Management	50	16.25
— Middle Management/Supervisor	0	0
— General Staff	0	0

Supplier Profile

Country/City	2021/22
Hong Kong	16
The PRC	1
Germany	1
US	1

Note:

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 2021/22: 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 Year.

8. The Group does not report the data of the seafarers by age due to the limitation of data collation.

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 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.

The Stock Exchange ESG Reporting Guide Index

ESG Reporting Guide		Section/Explanation
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Governance Structure
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Reporting Standard
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope

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
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

ESG Reporting Guide		Section/Explanation
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.	Due to the business nature, no packaging materials are used in the Group's operations.
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
A4 Climate Change		
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Environmental Stewardship — Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Environmental Stewardship — Climate Change
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

ESG Reporting Guide		Section/Explanation
B2 Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our 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
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management/ supervisor, general staff).	Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary
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

ESG Reporting Guide		Section/Explanation
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.	Performance Data Summary
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
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management is not one of the Group's material ESG issues. The Group would however continue to explore the feasibility of such practice and consider applying it in the Group's operation.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management is not one of the Group's material ESG issues. The Group would however continue to explore the feasibility of such practice and consider applying it in the Group's operation.
B6 Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices — Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No products and service-related complaints were received during the Year.

ESG Reporting Guide		Section/Explanation
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not 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 year 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
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Restricted by the pandemic situation and with our fluid combination of crew members for vessel operation, the Group would consider and look for online training materials or other training channels in the future.
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

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF GREAT HARVEST MAETA HOLDINGS LIMITED (FORMERLY KNOWN AS GREAT HARVEST MAETA GROUP HOLDINGS LIMITED)
(incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Great Harvest Maeta Holdings Limited (formerly known as Great Harvest Maeta Group Holdings Limited) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 100 to 180, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1.1 to the consolidated financial statements, which states that the Group's current liabilities exceeded its current assets by approximately US$66,029,000 as at 31 March 2022, which included convertible bonds of an outstanding amount of US$51,230,000 that were due for settlement on 10 May 2021. The above-said default also triggered the cross default clauses in several other borrowings of the Group and reclassification of long-term borrowings of approximately US$10,811,000 as current liabilities is required at 31 March 2022 under applicable accounting standards. Subsequent to the end of the reporting period, the Group has entered into supplemental settlement agreement that the bondholder has agreed to a new repayment term and among others, to withdraw the winding-up petition that the bondholder filed to the court on 24 February 2022.

The Group is undertaking a number of financing plans and other measures as described in Note 2.1.1 to the consolidated financial statements in order to ensure that the Group is able to meet its commitments in the next twelve months from the date of approval of these consolidated financial statements for issuance. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the next twelve months from the date of approval of these consolidated financial statements for issuance. However, the likelihood of successful implementation of these financing plans and other measures, as set forth in Note 2.1.1 to the consolidated financial statements, show that the existence of a material uncertainty which may cast significant doubt on 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 judgment, 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 summarised as follows:

- Reversal of impairment of vessels
- Valuation of investment properties

Reversal of impairment of vessels

Refer to Note 14 to the consolidated financial statements and the accounting policies on page 119.

The key audit matter

As at 31 March 2022, the carrying amount of the Group's vessels were approximately US$68.5 million. During the year ended 31 March 2022, due to the continuing favorable market conditions, the Baltic Dry Index was stronger than expected and the chartering business recognised a segment gain of approximately US$26.9 million (which included a reversal of impairment of vessels of US$19.2 million).

As disclosed in Note 14 to the consolidated financial statements, management regards each individual vessel as a separate identifiable cash-generating unit ("CGU") and the recoverable amount is determined based on higher of fair value less cost of disposal and value in use which relies on the management's assumptions and estimates of future income generation from the relevant CGUs.

We identified the reversal of impairment assessment of vessels as a key audit matter due to the significance to the consolidated financial statements and the involvement of subjective judgment and management estimates in assessing the recoverable amounts.

How the matter was addressed in our audit

Our procedures in relation to the reversal of impairment assessment of vessels included:

— understanding the key controls in respect of the impairment assessment process of vessels;

— understanding the management methodology and basis applied in calculating the recoverable amounts;

— evaluating the management prepared recoverable amount calculations of the relevant CGUs by 1) checking the mathematical accuracy of the impairment models; 2) assessing key assumptions applied in value in use calculations, if relevant; and 3) obtaining external valuation report for those CGUs where their recoverable amounts are determined and evaluating the methodology and assumptions adopted; and

— involving our internal valuation experts to review and assess whether the valuation models used by management were appropriate and whether the key assumptions used in the valuation models were reasonable.

Valuation of investment properties

Refer to Note 15 to the consolidated financial statements and accounting policies on pages 118.

The key audit matter	How the matter was addressed in our audit
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the estimates associated with determining the fair value. As disclosed in Note 15 to the consolidated financial statements, the investment properties of the Group mainly consist of land under development located in the People's Republic of China (the "PRC") and carried at US$76.5 million as at 31 March 2022. All of the Group's investment properties are stated at fair value based on valuations performed by a qualified external valuer not connected with the Group (the "Valuer"). Key sources of estimation uncertainty and details of the valuation techniques and key inputs used in the valuations are disclosed in Note 4 and Note 15 to the consolidated financial statements, respectively. The valuations of investment properties are dependent on certain key assumptions, including time adjustments, location adjustments, land use right adjustments and size adjustments.	Our procedures in relation to assessing the appropriateness of the valuation of the investment properties included: — understanding and evaluating the management's assessment process for reviewing the work of the Valuer; — assessing the competence, capabilities and objectivity of the Valuer; — discussing with the Valuer about the valuation process to understand the performance of the property markets, significant assumptions adopted, critical judgmental areas and data used in the valuations; and — evaluating the reasonableness of the valuation techniques, assumptions and key inputs adopted by management and the Valuer to market data for a selection of investment properties to assess the appropriateness of these judgments and estimations.

Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another auditor who expressed disclaimer of opinion on those statements on 30 June 2021.

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 of the Company and Those Charged with Governance 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 of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are 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, solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment and maintain professional skepticism 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 of the Company.

- Conclude on the appropriateness of the Company's 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 information 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We communicate with those charged with governance 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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 Mr. Lee Shun Ming.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lee Shun Ming
Practising Certificate Number: P07068

Hong Kong
24 August 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 US$'000	2021 US$'000
Revenue	5	21,562	12,454
Cost of services	8	(10,988)	(11,307)
Gross profit		10,574	1,147
Other gains	6	—	2,215
Other income	7	17	77
General and administrative expenses	8	(2,752)	(2,332)
Reversal of impairment losses on property, plant and equipment	14	19,169	2,447
Operating profit		27,008	3,554
Finance income	9	1	—
Finance costs	9	(2,306)	(5,961)
Finance costs — net		(2,305)	(5,961)
Profit/(loss) before income tax		24,703	(2,407)
Income tax expense	11	(7)	(725)
Profit/(loss) for the year		24,696	(3,132)
Profit/(loss) attributable to:			
Owners of the Company		24,722	(3,258)
Non-controlling interest		(26)	126
		24,696	(3,132)
Other comprehensive income for the year			
Item that may be reclassified to profit or loss			
Currency translation differences		1,740	3,533
Total comprehensive income for the year		26,436	401
Total comprehensive income/(loss) attributable to:			
Owners of the Company		26,305	(43)
Non-controlling interest		131	444
		26,436	401
Earnings/(loss) per share attributable to owners of the Company			
Basic earnings/(loss) per share	12	US2.60 cents	(US0.34 cents)
Diluted earnings/(loss) per share	12	US1.92 cents	(US0.34 cents)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 US$'000	2021 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	68,515	52,126
Investment properties	15	76,482	73,806
Pledged deposit	17	—	500
Pledged bank deposits	18	501	1,472
		145,498	127,904
Current assets			
Trade receivables, deposits, prepayments and other receivables	17	4,156	2,393
Pledged deposit	17	500	—
Pledged bank deposits	18	889	515
Cash and cash equivalents	18	2,688	218
		8,233	3,126
Total assets		153,731	131,030
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	1,221	1,221
Reserves	21	45,921	19,616
		47,142	20,837
Non-controlling interest		4,594	4,463
Total equity		51,736	25,300

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 US$'000	2021 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans	22	**9,492**	20,459
Deferred income tax liabilities	23	**18,241**	17,621
		27,733	38,080
Current liabilities			
Other payables and accruals	25	**9,242**	7,487
Borrowings and loans	22	**13,789**	7,008
Convertible bonds	24	**51,230**	53,154
Tax payables		**1**	1
		74,262	67,650
Total liabilities		**101,995**	105,730
Total equity and liabilities		**153,731**	131,030

The consolidated financial statements on pages 100 to 180 were approved by the Board of Directors on 24 August 2022 and were signed on its behalf by:

Yan Kim Po
Director

Lam Kwan
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the company										
	Share capital US$'000	Share premium US$'000	Convertible bonds reserve US$'000	Share option reserve US$'000	Merger reserve (Note 21(a)) US$'000	Other reserves (Note 21(b)) US$'000	Exchange reserve US$'000	(Accumulated losses)/ retained earnings US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2021	1,221	54,684	38,954	702	(63,808)	13,636	(2,256)	(22,296)	20,837	4,463	25,300
Comprehensive income/(loss)											
Profit/(loss) for the year	—	—	—	—	—	—	—	24,722	24,722	(26)	24,696
Other comprehensive income											
Currency translation differences	—	—	—	—	—	—	1,583	—	1,583	157	1,740
Total comprehensive income	—	—	—	—	—	—	1,583	24,722	26,305	131	26,436
Lapse of share options (Note 20 (ii))	—	—	—	(421)	—	—	—	421	—	—	—
Balance at 31 March 2022	1,221	54,684	38,954	281	(63,808)	13,636	(673)	2,847	47,142	4,594	51,736

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 US$'000	2021 US$'000
Cash flows from operating activities			
Profit/(loss) before income tax		24,703	(2,407)
Adjustments for:			
Finance costs		2,306	5,961
Finance income		(1)	—
Depreciation on property, plant and equipment		4,475	3,422
Fair value gains on investment properties		—	(2,215)
Reversal of impairment losses on property, plant and equipment		(19,169)	(2,447)
Operating cash flows before movements in working capital		12,314	2,314
(Increase)/decrease in trade receivable, deposits, prepayments and other receivables		(1,747)	810
Increase/(decrease) in payables and accruals		1,503	(458)
Cash generated from operations		12,070	2,666
Income tax paid		(6)	(118)
Net cash generated from operating activities		12,064	2,548
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,694)	(2,901)
Purchase of investment properties		(82)	—
Interest received		1	—
Net cash used in investing activities		(1,775)	(2,901)
Cash flows from financing activities			
Exercise of share options	20(ii)	—	15
Proceeds from loan from the ultimate holding company		—	3,200
Proceed from bank borrowing		256	513
Proceed from loan from a financial institution		14,529	—
Repayments of bank borrowings		(12,038)	(2,890)
Repayments of loan from a financial institution		(1,652)	(1,000)
Interest paid		(1,241)	(601)
Redemption of convertible bonds		(2,770)	—
Repayments of loan from the ultimate holding company		(5,500)	—
Decrease in pledged bank deposits		597	1,070
Net cash (used in)/generated from financing activities		(7,819)	307
Net increase/(decrease) in cash and cash equivalents		2,470	(46)
Cash and cash equivalents at beginning of year		218	266
Exchange loss on cash and cash equivalents		—	(2)
Cash and cash equivalents at end of year	18	2,688	218

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Great Harvest Maeta Holdings Limited (formerly known as 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. Its parent is Ablaze Rich Investments Limited ("Ablaze Rich") (incorporated in British Virgin Islands) and the ultimate controlling party is Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam").

Pursuant to the special resolution passed on 18 August 2021, with effect from 23 August 2021, the English name of the Company was changed from Great Harvest Maeta Group Holdings Limited to Great Harvest Maeta Holdings Limited and adoption of the dual foreign name of the Company in Chinese of "榮豐億控股有限公司" in place of its existing dual foreign name "榮豐聯合控股有限公司".

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 consolidated financial statements are presented in United States dollars ("US$"), which is also the functional currency of the Company and rounded to nearest thousand US$, unless otherwise stated.

2. 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") issued by Hong Kong Institute of Certified Public Accountant ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties that are measured at fair value, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that the Group defaulted the repayment of convertible bonds for a principal amount of US$54 million on its maturity date of 10 May 2021 (the "May 2021 Default"). The Company further failed to meet the repayment deadline for part of the outstanding redemption amount of the convertible bonds which were due and payable on 24 January 2022 pursuant to the terms of the Settlement Agreement (as defined and details set out in Note 24). As a result, a winding-up petition (the "Petition") was filed by the holder of the Convertible Bonds (the "Bondholder") on 24 February 2022.

The May 2021 Default also resulted in triggering the cross default clauses in the loan agreements for (i) a bank borrowing of US$12,175,000 and (ii) loan from a financial institution of US$1,522,000, in which out of the above said borrowings, US$10,811,000 shall be repayable after one year in accordance with original repayment terms. In light of this, reclassification of long-term borrowings of US$10,811,000 as current liabilities is required at 31 March 2022 under applicable accounting standard.

As of 31 March 2022, the Group's current liabilities (including the US$10,811,000 reclassification as mentioned above) exceeded its current assets by US$66,029,000 while the Group's cash and cash equivalents balance was US$2,688,000. In addition, the Group has entered into agreements which will involve capital commitments of approximately US$350,000 in respect of investment properties project as at 31 March 2022.

As the financial resources available to the Group as at 31 March 2022 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy operating and financing requirements together with the payment of capital expenditure when they fall due, the Group is actively pursuing additional financing including, but not limited to, debt financing and bank borrowings.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

In view of such circumstances, certain measures have been taken by the Group to improve their liquidity position, which include:

(i) Extension of the maturity of Convertible Bonds

As disclosed in Note 24, the Group entered into a supplemental settlement agreement on 29 June 2022 that the Bondholder has agreed a new repayment term and among others, to conditionally withdraw the Petition, and withhold taking any further litigation or claims against the Company in respect of the default. Pursuant to the terms of the supplemental settlement agreement, the Company will repay in cash in 10 quarterly instalments of US$500,000 each and the remaining balances and all accumulated interest on 31 December 2024. On 15 July 2022, the Company received the order of the High Court of Hong Kong that the Petition has been withdrawn on 14 July 2022 and the first instalment was repaid on 2 August 2022.

(ii) Financing through ultimate holding company

On 30 September 2021, the Company entered into a deed of funding undertakings that Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice issue by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any 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. As at 31 March 2022, US$5 million was obtained under the terms of the deed.

(iii) Financing through banks and capital market

Subsequent to the end of the reporting period, the Company had reached agreement with the Bondholder on the extension of maturity of the convertible bonds and withdrawal of the Petition and accordingly, the management of the Company considered that the cross default clauses on the relevant borrowings are remediated. The directors of the Company are confident that agreements with the financial institutions will be reached in due course. The Group is also actively seeking for other alternative financing and bank borrowings, to finance the settlement of its existing financial obligations and future operating and capital expenditures. Additionally, the Group is also planning to raise funds through the capital market, such as placement or issue of corporate bonds and/or other sources, to finance the settlement of the outstanding redemption amount of the convertible bonds, negotiation with potential investor(s) which is ongoing as at the date of this report.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

(iv) Enhancement of operation of chartering business

The Group continues its efforts to enhance its operation of chartering of dry bulk vessels to improve its cash flow from operations, and further control capital and operating expenditures to strength its working capital and mitigate the potential market fluctuation.

The directors of the Company have reviewed the Group's cash flow projection for the coming twelve months, and taking into account the successful implementation of measures of the Group as described above, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months. The directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group can achieve the plans and measures described above to generate adequate cash inflow as scheduled. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements for issuance is dependent on the Group's ability to generate adequate operating cash flows under the market fluctuation and successful control over cost, and financing cash flows through successful renewal of its borrowings upon expiries, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant bank and financial institution upon the breach of covenant requirements, successful securing of the financing from bank with repayment terms beyond twelve months from the date of approval of these consolidated financial statements for issuance, as well as the ability on provision of funding pursuant to the deed of financing undertaking by the ultimate holding company or its shareholders. 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 realisable values, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Application of new and amendment to HKFRSs

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

Except for the amendments to HKFRSs mentioned below, the application of the amendments listed above did not have material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates.

As at 1 April 2021, the Group has a bank borrowing and a loan from a financial institution, the interests of which are indexed to benchmark rates that will be subject to interest rate benchmark reform. The following table shows the total amounts of outstanding contracts as at 31 March 2022. The amounts of financial liabilities are shown at their carrying amounts.

	USD London Interbank Offered Rate
Financial liabilities	
Bank borrowing	US$12,175,000
Loan from a financial institution	US$1,522,000

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Application of new and amendment to HKFRSs (Continued)

The amendments have had no impact on the consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the year.

The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowing and loan from a financial institution measured at amortised cost.

2.1.3 Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments[2]
Amendments to HKFRS 3	Reference to Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual improvement to HKFRSs 2018–2020 cycle[1]
Amendments to HKFRS 4	Extension of the temporary exemption from applying HKFRS 9[2]
Initial Application of HKFRS 17 and HKFRS 9	Comparative Information (Amendment to HKFRS 17)[2]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

(a) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

(a) Changes in the Group's ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Business combinations or asset acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

(b) Business combinations or asset acquisitions (Continued)

Businesses combinations

Businesses combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with HKAS 12 *Income Taxes*;

- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

(b) Business combinations or asset acquisitions (Continued)

Businesses combinations (Continued)

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are recognised on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. During the measurement period (see above), the provisional amounts recognised at the acquisition date are adjusted retrospectively, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

(c) Merger accounting for business combination involving entities under common control

The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

2.3 Investments in subsidiaries

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.

2. Summary of significant accounting policies (Continued)

2.4 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

2.5 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

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals or retirement of an item of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised within "other gains" in the consolidated statement of comprehensive income.

2.6 Investment properties

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

2. Summary of significant accounting policies (Continued)

2.7 Impairment losses on property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit ("CGUs")) is estimated to be less than its carrying amount, the carrying amount of the asset for the CGUs is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset for the CGUs is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset for the CGUs in prior years. A reversal of an impairment loss is recognised as income immediately.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial asset at FVTPL are recognised immediately in profit or loss.

(a) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

(i) Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(i) Financial assets at amortised cost (debt instruments) (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item (Note 7).

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade receivables, contract assets and financial assets measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated individually for customer with significant balances or credit-impaired and/or collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, including other receivables, amount due from related companies and cash and cash equivalents, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(b) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(b) Financial liabilities and equity instruments (Continued)

(iii) Financial liabilities

Financial liabilities subsequently measured at amortised cost

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(iv) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Modification of financial liabilities

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

(b) Financial liabilities and equity instruments (Continued)

(iv) Derecognition of financial liabilities (Continued)

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2.9 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.

2.10 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.

2.11 Borrowings costs

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. Summary of significant accounting policies (Continued)

2.12 Convertible bonds

Convertible loan notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the conversion option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

2.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit/(loss) before income tax" as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. Summary of significant accounting policies (Continued)

2.13 Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties under construction are depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties under construction are measured in accordance with the general principles above as set out in HKAS 12 Income Taxes (i.e. based on the expected manner as to how the property will be recovered).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.14 Retirement benefits cost and 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.

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

The Group has offered a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. Contributions are made by both the employer and the employees based on a certain percentage of the employees' relevant income. The Group's contributions will be fully and immediately vested in the employees' accounts as their accrued benefits in the scheme.

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

2.15 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

2. Summary of significant accounting policies (Continued)

2.16 Share-based payments

(a) Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Share options granted to non-employees

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

2. Summary of significant accounting policies (Continued)

2.18 Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or

- The Group's performance 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.

2. Summary of significant accounting policies (Continued)

2.18 Revenue recognition (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

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

- direct measurements of the value transferred by the Group to the customer;

- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs. Incremental costs incurred to obtain a contact, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Revenue from chartering of vessels

Revenue is recognised over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

2. Summary of significant accounting policies (Continued)

2.18 Revenue recognition (Continued)

Contract asset and contract liability

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instruments. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2.19 Leasing

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

(b) The Group as lessee

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date or acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2. Summary of significant accounting policies (Continued)

2.20 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.21 Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

3. Financial risk management

3.1 Categories of financial instruments

	2022 US$'000	2021 US$'000
Financial assets		
Financial assets at amortised cost	7,877	4,382
Financial liabilities		
Financial liabilities at amortised cost	83,753	87,982

3.2 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

3. Financial risk management (Continued)

3.2 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

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

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

Except for the loan from the ultimate holding company bearing a fixed interest rate at 4% per annum and bank borrowings and loan from a financial institution bearing floating interest rates, the Group has no significant interest-bearing assets and liabilities.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. Sensitivity analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

As at 31 March 2022, if interest rates on bank borrowings and loan from a financial institution had been increased/decreased by 190 (31 March 2021: 30) basis points with all other variables held constant, the Group's post-tax income for the year would have been decreased/increased by US$272,000 (2021: post-tax loss for the year would have been increased/decreased by US$38,000), mainly as a result of fluctuation on interest expense on variable rate bank borrowings and loan from a financial institution.

The management of the Group adjusted the sensitivity rate from 30 basis points to 190 basis points for assessing interest rate risk after considering the impact of the volatile financial market conditions in 2022.

3. Financial risk management (Continued)

3.2 Financial risk factors (Continued)

(b) Credit risk

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

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

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

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

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

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

3. Financial risk management (Continued)

3.2 Financial risk factors (Continued)

(b) Credit risk (Continued)

Management reviews the recoverable amount of each individual trade receivable regularly, if any, to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced. The loss allowance provision as at 31 March 2022 and 2021 is illustrated as below:

As at 31 March 2022	**Lifetime expected loss rate**	**Gross carrying amount US$'000**	**Lifetime expected credit loss US$'000**	**Net carrying amount US$'000**
Individual assessment	**100%**	**31**	**(31)**	**—**
Collective assessment current				
1 to 30 days past due	**0%**	**1,370**	**—**	**1,370**
31 to 60 days past due	**0%**	**1,060**	**—**	**1,060**
61 to 365 days past due	**0%**	**66**	**—**	**66**
		2,496	**—**	**2,496**

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

3. Financial risk management (Continued)

3.2 Financial risk factors (Continued)

(b) Credit risk (Continued)

The credit quality of deposits and other receivables including amounts due from related companies have been assessed with reference to historical information about the counterparties default. Management does not believe the credit risk are significant, considering counterparties do not have defaults in the past and management does not expect any losses from non-performance by these counterparties. No significant impairment provision has to be recognised during the year based on 12-month ECL.

(c) Liquidity risk

The amount of net current liabilities of the Group is approximately US$66,029,000 as at 31 March 2022, 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 Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of other borrowings and unsecured borrowings from a director and ensures compliance with loan covenants, if any.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. Specifically, as at 31 March 2022, as a result of cross-default described in Note 2.1.1, bank borrowings amounted to US$12,175,000 and loan from a financial institution amounted to US$1,522,000 are included in the "on demand or less than 1 year" time band in the maturity analysis below.

3. Financial risk management (Continued)

3.2 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Liquidity risk tables (Continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amount US$'000
As at 31 March 2022						
Borrowings and loans	13,796	9,622	340	191	23,949	23,281
Convertible bonds	51,230	—	—	—	51,230	51,230
Other payables and accruals	9,242	—	—	—	9,242	9,242
	74,268	9,622	340	191	84,421	83,753

	On demand or less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amount US$'000
As at 31 March 2021						
Borrowings and loans	7,529	21,228	88	—	28,845	27,467
Convertible bonds	54,000	—	—	—	54,000	53,154
Other payables and accruals	7,361	—	—	—	7,361	7,361
	68,890	21,228	88	—	90,206	87,982

3. Financial risk management (Continued)

3.2 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Liquidity risk tables (Continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(d) Interest rate benchmark reform

As at 31 March 2022, loan from a financial institution and bank borrowing amounting to US$1,522,000 and US$12,175,000, respectively, that are linked to LIBOR. The Group did not receive updates from the relevant counterparties on the transition of alternative benchmark rates. The loan from a financial institution will mature in October 2022 and LIBOR will continue till maturity while the bank borrowing will mature in May 2026 and is expected to transit in latest by second half of 2023.

Since there is significant uncertainty with regard to the interest rate that would apply and gives rise to additional interest rate risk that was not anticipated, the Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the regulators.

3. Financial risk management (Continued)

3.3 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debts are calculated as total borrowings, loans and convertible bonds. As at 31 March 2022, the gearing ratio is 48.5% (2021: 61.5%).

3.4 Fair value estimation

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

The fair values of the bank borrowings and loan from a financial institution as at 31 March 2022 approximate their carrying amount as they bear interest at floating rates that are market dependent.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

(a) Going concern consideration

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

(b) 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.

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of property, plant and equipment

At each period end of financial reporting period, the Group reviews internal and external sources of information to identify indications that the property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

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 disposal 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.

As at 31 March 2022, the carrying amounts of property, plant and equipment was US$68,515,000 (2021: US$52,126,000). During the year ended 31 March 2022, reversal of impairment losses of US$19,169,000 (2021: US$2,447,000) on property, plant and equipment was recognised. Details of the impairment of property, plant and equipment are disclosed in Note 14.

(b) Fair value of investment properties

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

As at 31 March 2022, the carrying amount of investment properties is US$76,482,000 (2021: US$73,806,000).

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

(c) Impairment of financial assets — expected credit loss

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. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of comprehensive income. As at 31 March 2022, the carrying amount of financial assets is US$7,877,000 (2021: US$4,382,000).

5. Revenue and segment information

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

The operating segments comprise:

— Chartering of vessels
— Property investment and development

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

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

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

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

5. Revenue and segment information (Continued)

(a) Segment revenue, results and other information

	Chartering of vessels US$'000	Property investment and development US$'000	Unallocated US$'000	Total US$'000
Year ended 31 March 2022				
Revenue recognised over time	21,562	—	—	21,562
Depreciation of property, plant and equipment	(4,462)	(13)	—	(4,475)
Reversal of impairment losses on property, plant and equipment	19,169	—	—	19,169
Finance costs	(1,020)	(846)	(440)	(2,306)
Segment profit/(loss) before income tax	26,927	(1,142)	(1,082)	24,703
Income tax expense				(7)
Profit for the year				24,696

5. Revenue and segment information (Continued)

(a) Segment revenue, results and other information (Continued)

	Chartering of vessels US$'000	Property investment and development US$'000	Unallocated US$'000	Total US$'000
Year ended 31 March 2021				
Revenue recognised over time	12,454	—	—	12,454
Depreciation of property, plant and equipment	(3,386)	(36)	—	(3,422)
Reversal of impairment losses on property, plant and equipment	2,447	—	—	2,447
Finance costs	(651)	(4,807)	(503)	(5,961)
Segment profit/(loss) before income tax	1,550	(2,853)	(1,104)	(2,407)
Income tax expense				(725)
Loss for the year				(3,132)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of central general and administrative expenses and finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

5. Revenue and segment information (Continued)

(b) Segment assets

	Chartering of vessels US$'000	Property investment and development US$'000	Unallocated US$'000	Total US$'000
As at 31 March 2022				
Segment assets	**75,314**	**77,104**	**1,313**	**153,731**
As at 31 March 2021				
Segment assets	56,567	74,272	191	131,030

All assets are allocated to operating segments other than certain deposits, prepayment, other receivables and certain cash and cash equivalents as these assets are managed on a group basis.

(c) Revenue from major services

During the years ended 31 March 2022 and 2021, revenue represents hire income under time charter arising from the Group's owned vessels. Hire income under time charter is accounted for as operating lease and is recognised on a straight-line basis over the period of each time charter contract.

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

5. Revenue and segment information (Continued)

(d) Geographical information

Due to the nature of the provision of vessels chartering services, which are carried out internationally, the directors consider that it is not meaningful to provide the revenue information by geographical segment. For property investment and development business, the investment properties are still under development. Accordingly, geographical segment revenue is not presented. Information about the Group's non-current assets (other than chartering of vessels) is presented based on the geographical location of the assets.

	2022 US$'000	2021 US$'000
The PRC	76,488	73,824

(e) Information about major customers

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

	2022 US$'000	2021 US$'000
Customer A	7,741	8,136
Customer B	7,045	2,574
Customer C	6,707	1,165*
	21,493	11,875

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

(f) Contract liabilities related to the contracts with customers

As at 31 March 2022, there was no contract liabilities included in other payables and accruals (2021: US$81,000) (Note 25).

6. Other gains

	2022 US$'000	2021 US$'000
Fair value gains on investment properties (Note 15)	—	2,215

7. Other income

	2022 US$'000	2021 US$'000
Government grants (Note)	—	71
Sundry income	17	6
	17	77

Note:

During the year ended 31 March 2021, government grants recognised were primarily related to the subsidies from the Hong Kong Government under the Anti-epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of the grants.

8. Expenses by nature

Profit/(loss) before income tax is stated after charging the following:

	2022 US$'000	2021 US$'000
Depreciation of property, plant and equipment (Note 14)	4,475	3,422
Crew expenses (included in cost of services)	3,526	3,186
Short-term operating lease payments for land and buildings	139	246
Auditor's remuneration — audit services	130	200
Employee benefit expense (including directors' emoluments) (Note 10)	1,244	1,321

9. Finance costs — net

	2022 US$'000	2021 US$'000
Finance income		
Interest income	**1**	—
Financed costs		
Arrangement fee on borrowings and loans	**30**	66
Interest expense on borrowings and loans	**1,223**	1,088
Interest expense on convertible bonds — non-cash (Note 24)	**846**	4,807
Write-off of unamortised loan originating fee (Note 26)	**207**	—
	2,306	5,961
Finance costs — net	**2,305**	5,961

10. Employee benefit expense

	2022 US$'000	2021 US$'000
Fee, salaries and other benefits	**1,223**	1,299
Post-employment benefit — defined contribution plans	**21**	22
	1,244	1,321

Five highest paid individuals

Of the five individuals with the highest remunerations in the Group, three (2021: three) were directors of the Company whose emoluments are reflected in analysis shown in note 31. The emoluments of the remaining two (2021: two) individuals were as follows:

	2022 US$'000	2021 US$'000
Salaries	**200**	273
Post-employment benefit — defined contribution plans	**4**	5
	204	278

10. Employee benefit expense (Continued)

Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
HK$nil to HK$500,000 (equivalent to US$nil to US$64,102)	**1**	—
HK$500,001 to HK$1,000,000 (equivalent to US$64,103 to US$128,205)	**—**	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 2022 and 2021.

11. Income tax expense

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

	2022 US$'000	2021 US$'000
Current income tax		
Hong Kong profits tax	**7**	6
Under provision in prior years		
Hong Kong profits tax	**—**	165
Deferred income tax (Note 23)	**—**	554
Income tax expense	**7**	725

11. Income tax expense (Continued)

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

	2022 US$'000	2021 US$'000
Profit/(loss) before income tax	**24,703**	(2,407)
Calculated at taxation rate of 16.5% (2021: 16.5%)	**4,076**	(397)
Effect of different tax rate for the PRC entities	**30**	166
Deemed profits tax for assessable profit of a subsidiary	**14**	12
Effect of difference tax rate for a subsidiary (note)	**(7)**	(6)
Income not subject to tax	**(6,720)**	(2,087)
Expenses not deductible for tax purposes	**2,608**	2,807
Under provision in prior year	**—**	165
Tax losses not recognised	**6**	65
Income tax expense	**7**	725

Note:

Under the two-tiered profits tax rates regime of Hong Kong profits tax, the first HK$2 million of assessable profits of qualifying corporation under Hong Kong profits tax will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. For the years ended 31 March 2022 and 2021, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The assessable profits of other entities of the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

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.

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

As at 31 March 2022, the Group did not recognise deferred income tax assets in respect of losses amounting to US$1,779,000 (2021: US$1,917,000) due to the unpredictability of future profit streams that will expire in 1 to 5 years.

12. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	2022 US$'000	2021 US$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings/(loss) per share	**24,722**	(3,258)
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	**846**	—
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**25,568**	(3,258)

	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**952,614**	952,535
Effect of dilutive potential ordinary shares:		
Convertible bonds	**381,843**	—
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**1,334,457**	952,535

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

The computation of diluted earnings/(loss) per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 31 March 2022 and 2021.

The computation of diluted loss per share for the year ended 31 March 2021 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share.

13. Dividends

The directors do not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: same).

14. Property, plant and equipment

	Vessels US$'000	Office equipment US$'000	Motor vehicles US$'000	Leasehold improvement US$'000	Total US$'000
COST					
At 1 April 2020	185,931	53	106	26	186,116
Additions	2,901	—	—	—	2,901
Exchange difference	—	3	8	2	13
At 31 March 2021 and 1 April 2021	188,832	56	114	28	189,030
Additions	1,694	—	—	—	1,694
Exchange difference	—	2	4	—	6
At 31 March 2022	**190,526**	**58**	**118**	**28**	**190,730**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2020	135,785	36	73	25	135,919
Charge for the year	3,386	8	27	1	3,422
Reversal of impairment loss recognised in profit or loss	(2,447)	—	—	—	(2,447)
Exchange difference	—	2	6	2	10
At 31 March 2021 and 1 April 2021	136,724	46	106	28	136,904
Charge for the year	4,462	8	5	—	4,475
Reversal of impairment loss recognised in profit or loss	(19,169)	—	—	—	(19,169)
Exchange difference	—	1	4	—	5
At 31 March 2022	**122,017**	**55**	**115**	**28**	**122,215**
NET BOOK VALUES					
At 31 March 2022	**68,509**	**3**	**3**	**—**	**68,515**
At 31 March 2021	52,108	10	8	—	52,126

14. Property, plant and equipment (Continued)

Depreciation expenses of approximately US$4,462,000 (2021:US$3,386,000) and US$13,000 (2021: US$36,000) have been charged in 'cost of services' and 'general and administrative expenses' respectively.

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

In assessing reversal of impairment loss, internal and external sources of information are considered in assessing the fair market value and value-in-use. These include market valuations from a leading, independent and internationally recognised shipbroking company, increasing trend in fair value of vessels and the performance of the Group's vessels. The value-in-use of the vessels is assessed based on assumptions and estimates of vessels' future earnings and appropriate pre-tax discount rates to derive the present value of those earnings. The discount rates used to the value in use calculation on owned vessels was 9.62% (31 March 2021: 8.05%), which are based on the industry sector risk premium relevant to the CGUs and the applicable gearing ratio of the CGUs. The fair value of the vessels were primarily determined based on the direct comparison method by making reference to the recent sale transactions of similar vessels with similar age and condition (Level 2 hierarchy).

The following describes each key assumption on which management has based its cash flow projections to undertake reversal impairment testing of vessels:

Discount rate — The discount rate used is before tax and reflects specific risks in respect of the related vessels.

Growth rate — The growth rate is based on the estimated growth rate taking into account the industry growth rate, past experience and the medium-term or long-term growth target.

During the year ended 31 March 2022, as indicated by the rebound of the Baltic Dry Index, the dry bulk market recovered considerably. Since the recoverable amounts of the vessels, based on fair value less cost of disposal and value-in-use, were higher than their carrying amounts at 31 March 2022, a reversal of impairment losses of US$19,169,000 (2021: US$2,447,000) was recognised in the consolidated statement of comprehensive income for the year ended 31 March 2022.

15. Investment properties

	2022 US$'000	2021 US$'000
At fair value		
At 1 April	73,806	66,336
Additions	82	—
Fair value gains (Note 6)	—	2,215
Exchange difference	2,594	5,255
At 31 March	76,482	73,806

15. Investment properties (Continued)

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

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 is categorised in Level 3 fair value hierarchy.

There were no transfers into or out of Level 3 during the year (2021: same).

Valuation processes of the Group

The Group's investment properties were valued at 31 March 2022 and 2021 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 2022, the fair values of the properties have been determined by Vincorn Consulting & Appraisal Limited (2021: same).

Valuation techniques

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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 distance to the city centre, the development of the transport network and other community facility service.
Land use right adjustment:	Based on the best use of the property for the highest value in the market.
Size adjustment:	Based on the buildable area of the property.

15. Investment properties (Continued)

Valuation techniques (Continued)

Unobservable inputs	Range of unobservable input	Relationship of unobservable inputs to fair value
Time adjustment	1.2% to 12.9% (2021: 0% to 24%)	The upward market trend will have positive impact on adjustment and thus increase in fair value.
Location adjustment	−30% to −10% (2021:−15% to −10%)	The better location will have positive impact on adjustment, thus increase in fair value.
Land use right adjustment	−10% to 0% (2021:−10% to 0%)	The better designated use of the property will have positive impact on adjustment, thus increase in fair value.
Size adjustment	−7.5% to −1.2% (2021:−6.5% to −3.3%)	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.

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

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

16. Subsidiaries

The following is a list of principle subsidiaries as at the end of reporting date:

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		Interest held by the non-controlling interest
				Directly	Indirectly	
Bryance Group Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100% (2021: same)	— (2021: same)	— (2021: same)
Joy Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100% (2021: same)	— (2021: same)	— (2021: same)
Way Ocean Shipping Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100% (2021: same)	— (2021: same)	— (2021: same)
Union Apex Mega Shipping Limited	Hong Kong	Provision of agency services	50,000 ordinary shares of HK$1 each	100% (2021: same)	— (2021: same)	— (2021: same)
United Edge Holdings Limited	British Virgin Islands	Provision of marine transportation services	10,000 ordinary shares of US$1 each	100% (2021: same)	— (2021: same)	— (2021: same)
海南華儲實業有限公司	PRC, non-wholly foreign-owned enterprise	Property investment and development in the PRC	Registered capital of Renminbi 4,800,000	— (2021: same)	91% (2021: same)	9% (2021: same)

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

17. Trade receivables, deposits, prepayments and other receivables

	2022 US$'000	2021 US$'000
Trade receivables	2,527	1,161
Less: Provision for impairment of trade receivables	(31)	(31)
Trade receivables, net	2,496	1,130
Prepayments	857	716
Deposits	688	598
Other receivables	607	441
Other receivables due from related companies (Note 29)	8	8
	4,656	2,893
Less: non-current pledged deposit (Note)	—	(500)
Less: current pledged deposit (Note)	(500)	—
	4,156	2,393

Note: The pledged deposit secured loan from a financial institution bears interest at 1.5% (2021: same) per annum.

As at 1 April 2020, trade receivables from contracts with customers amounted to US$754,000.

As at 31 March 2022 and 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

	2022 US$'000	2021 US$'000
0–30 days	1,370	1,106
31–60 days	1,060	3
61–90 days	—	—
91–365 days	66	2
Over 365 days	31	50
	2,527	1,161

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

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

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

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 31 March 2022, trade receivables of US$31,000 (2021: same) were impaired. Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 3.2(b).

18. Cash and bank balances

	2022 US$'000	2021 US$'000
Current		
Pledged bank deposits	889	515
Cash at bank and on hand	2,688	218
	3,577	733
Non-current		
Pledged bank deposits	501	1,472
Cash and bank balances	4,078	2,205
Cash and cash equivalents	2,688	218

Pledged bank deposits earn interest ranging from 0.27% to 1.01% (31 March 2021: nil) per annum as at 31 March 2022.

Cash at banks earns interest either at floating rates based on daily bank deposit rates.

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

	2022 US$'000	2021 US$'000
US$	4,015	2,178
HK$	59	25
RMB	4	2
	4,078	2,205

19. Share capital

	2022 Number of shares (thousands)	2022 Amount HK$'000	2021 Number of shares (thousands)	2021 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**4,000,000**	**40,000**	4,000,000	40,000

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital US$'000
At 1 April 2020	952,514	1,221
Exercise of share options (Note 20(ii))	100	—
At 31 March 2021 and 31 March 2022	**952,614**	**1,221**

20. Share option scheme

The Company's former share option scheme ("2011 Share Option Scheme") was adopted pursuant to a resolution passed on 19 August 2011 and expired on 18 August 2021. Details of 2011 Share Option Scheme are set out in the section headed "Share Option Scheme" in this report. The Company has adopted a new share option scheme (the "2021 Share Option Scheme") on 18 August 2021. Under the 2021 Share Option Scheme, the Board of Directors of the Company may grant options to eligible participants (the "Participants"). Participants of the 2021 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 person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; and (j) any company wholly-owned by one or more eligible participants as referred to in (a) to (i) above.

No share options have been granted under the 2021 Share Option Scheme since its adoption.

20. Share option scheme (Continued)

2011 Share Option Scheme

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

Date of grant	Exercise price HK$	Expiry date	Number of options (thousands) 2022	2021
21 October 2011 (Note (a))	1.15	20 October 2021	—	6,200
30 April 2015 (Note (b))	1.20	29 April 2025	**4,450**	4,850
Total share options			**4,450**	11,050

Note:

(a) On 21 October 2011, a total of 17,700,000 share options were granted to the Participants and entitled the grantees to subscribe for ordinary shares at an exercise price of HK$1.15 per share. The options with vesting period of 3 years and may be exercisable during the period from 21 October 2011 to 21 October 2021.

(b) On 30 April 2015, a total of 14,100,000 share options were granted to the Participants and entitled the grantees to subscribe for ordinary shares at an exercise price of HK$1.20 per share. The options were vested immediately and may be exercisable during the period from 30 April 2015 to 29 April 2025.

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

	2022		2021	
	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**	**11,050**	1.17	11,150
Granted	**—**	**—**	—	—
Exercised	**—**	**—**	1.20	(100)
Lapsed	**1.15**	**(6,600)**	—	—
At 31 March	**1.20**	**4,450**	1.17	11,050

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

21. Reserves

(a) Merger reserve

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

(b) Other reserves

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

22. Borrowings and loans

	2022 US$'000	2021 US$'000
Non-current		
— Bank borrowings (Note i)	**619**	8,275
— Loan from a financial institution (Note ii)	**—**	1,522
— Loan from the ultimate holding company (Note iii)	**8,873**	10,662
	9,492	20,459
Current		
— Bank borrowings (Note i)	**12,267**	2,251
— Loan from a financial institution (Note ii)	**1,522**	990
— Loan from the ultimate holding company (Note iii)	**—**	3,767
Total	**13,789**	7,008

22. Borrowings and loans (Continued)

Notes:

(i) The Group's bank borrowings comprise of a bank borrowing of US$12,175,000 (2021: US$10,013,000) and another bank borrowing obtained under the SME Financing Guarantee Scheme launched by the Government of HKSAR of US$711,000 (2021: US$513,000). The carrying amounts of these bank borrowings were denominated in US$ and HK$, respectively. These bank borrowings bear interest at LIBOR or Prime rate and their fair value approximate the carrying amounts. As at 31 March 2022, the current bank borrowings included an amount of US$10,811,000 with original contractual repayment dates after one year from 31 March 2022 which has been reclassified as current liabilities as at 31 March 2022 as a result of cross-default described in Note 2.1.1. Details of the pledged assets are set out in Note 32 to the consolidated financial statements.

(ii) The loan from a financial institution bears interest at LIBOR and repayable on 10 October 2022. The carrying amount of the Group's loan from a financial institution is denominated in US$. The fair value of the loan from a financial institution approximates its carrying amount. Details of the pledged assets are set out in Note 32 to the consolidated financial statements.

(iii) The loan from the ultimate holding company is unsecured, bears interest at 4% per annum and originally repayable on 15 January 2023. On 30 March 2022, the ultimate holding company extended the maturity of the outstanding balance for 2 years with a new maturity due on 30 March 2024. The carrying amount of the Group's loan from the ultimate holding company is denominated in US$. The fair value of the loan from the ultimate holding company approximates its carrying amount.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings and loans are as follows:

	2022	2021
Effective interest rate:		
Fixed-rate borrowings	**4%**	4%
Variable-rate borrowings	**2.75% to 6.34%**	2.75% to 6.23%

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	Bank borrowings (Note)		**Loan from a financial institution**		**Loan from the ultimate holding company**	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000	**2022 US$'000**	2021 US$'000
Within 1 year	**1,456**	2,251	**1,522**	990	**—**	3,767
Between 1 and 2 years	**1,466**	8,187	**—**	1,522	**8,873**	10,662
Between 2 and 5 years	**9,964**	88	**—**	—	**—**	—
	12,886	10,526	**1,522**	2,512	**8,873**	14,429

22. Borrowings and loans (Continued)

Note:

As detailed in Note 2.1.1, the event of default of convertible bonds resulted in cross default of a bank borrowing with an amount of US$10,811,000 with original contractual repayment dates after one year from 31 March 2022 which has been reclassified as current liabilities as at 31 March 2022 for financial reporting purpose. The amounts shown in the table above represents amounts repayable in accordance with the original dates set out in the loan agreements.

23. Deferred income tax

The movement in deferred income tax liabilities during the year is as follows:

	Investment properties US$'000
At 1 April 2020	15,814
Charged to profit or loss	554
Exchange difference	1,253
At 31 March 2021	17,621
Exchange difference	620
At 31 March 2022	**18,241**

24. Convertible bonds

On 10 May 2016, the Company issued convertible bonds with principal amount of US$54,000,000 ("Top Build Convertible Bonds) which will be due on 10 May 2021. The Top Build Convertible Bonds is interest-free and may be converted in full or in part (multiples of US$100,000) at the initial conversion price of HK$1.096 per conversion share (subject to anti-dilutive adjustment) any time within five years from the date of issue to 7 business days prior to maturity date. At initial recognition, the Top Build Convertible Bonds comprised two elements and were accounted for as follows:

- The debt element was treated as a financial liability and measured at amortised cost and interest expense was recognised in the consolidated statement of comprehensive income using the effective interest method.

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

The fair value of the liability component of Top Build Convertible Bonds approximates its carrying amount.

During the year ended 31 March 2022, the Company was in default under the terms and conditions of the relevant agreements of the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021.

24. Convertible bonds (Continued)

On 24 November 2021, the Company, Mr. Yan, Ms. Lam and Ablaze Rich (collectively as Guarantors) and the Bondholder have entered into a settlement agreement (the "Settlement Agreement") to extend the settlement date of the remaining principal amount of the Convertible Bonds of US$52,000,000. Pursuant to the Settlement Agreement, the Company will settle the outstanding redemption amount of the Convertible Bonds (which amounted to US$52,000,000 as at the date of the Settlement Agreement) by repaying the Bondholder (i) US$25,000,000 in cash within two months from the date of the Settlement Agreement; (ii) US$15,000,000 in cash on or before 28 February 2022; and (iii) US$12,000,000 by issuing corporate bonds to the Bondholder for the principal amount of US$12,000,000 with a maturity date of two years on or before 28 February 2022.

On 31 December 2021, the Company and an independent investor in Hong Kong (the "Subscriber") entered into a subscription agreement (the "Subscription Agreement") in which the Company has agreed to issue, and the Subscriber has agreed to subscribe for, corporate bond in the principal amount of US$50,000,000 with a maturity date falling 24 months after the completion date of the Subscription Agreement, with an interest rate of 5% per annum (the "Corporate Bond"). Under the Subscription Agreement, completion of the Subscription Agreement should take place on 17 January 2022 or such other date as the Company and the Subscriber may agree in writing. However, the completion of the Subscription Agreement has not taken place and the subscription price thereof has not been received by the Company. Given the delay in the completion of the Subscription Agreement, the Company had not paid part of the outstanding redemption amount of the Convertible Bonds of US$25,000,000 which was due and payable on 24 January 2022 pursuant to the terms of the Settlement Agreement.

On 24 February 2022, the Petition was filed by the Bondholder (the "Petitioner") with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "High Court of Hong Kong") for the winding-up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition is in relation to the Petitioner's claim for an outstanding debt in the sum of US$51,230,000 as at the date of filling.

On 29 June 2022, the Company, Mr. Yan, Ms. Lam, Ablaze Rich (as the Guarantors) and the Bondholder entered into a supplemental agreement to the Settlement Agreement (the "Supplemental Settlement Agreement") in which the Bondholder has agreed, among others, to conditionally withdraw the Petition and withhold taking any further litigation or claims against the Company in respect of the default. Pursuant to the Supplemental Settlement Agreement, the Company will settle the outstanding redemption amount of the Convertible Bonds by repaying the Bondholder (i) US$5,000,000 in cash in 10 quarterly instalments of US$500,000 each with the first instalment to be paid within 7 business days from the date of the order granted by the High Court of Hong Kong for the withdrawal of the Petition; and (ii) the remaining balance of US$46,230,000 and all accumulated interest (calculated at an interest rate of 8% per annum), both to be paid in cash in one lump sum on 31 December 2024.

On 15 July 2022, the Company received the order of the High Court of Hong Kong dated 14 July 2022 which ordered, among other things, that the Petition be withdrawn.

24. Convertible bonds (Continued)

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

	Liability component US$'000
As at 1 April 2020	48,347
Interest expense (Note 9)	4,807
At 31 March 2021 and 1 April 2021	53,154
Interest expense (Note 9)	846
Redemption	(2,770)
At 31 March 2022	**51,230**

25. Other payables and accruals

	2022 **US$'000**	2021 US$'000
Other payables and accruals	**1,684**	583
Contract liabilities	**—**	81
Other payables due to related companies (Note 29(b))	**7,558**	6,823
	9,242	7,487

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:

	2022 **US$'000**	2021 US$'000
US$	**1,423**	364
HK$	**3**	71
RMB	**7,816**	7,052
	9,242	7,487

26. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 April 2021 US$'000	Financing cash flows US$'000	Finance cost incurred US$'000	Transfer of loans (Note) US$'000	31 March 2022 US$'000
Bank borrowings (Note 22)	10,526	(12,384)	553	14,191	**12,886**
Loan from a financial institution (Note 22)	2,512	12,734	467	(14,191)	**1,522**
Loan from the ultimate company (Note 22)	14,429	(5,996)	440	—	**8,873**
Convertible bonds (Note 24)	53,154	(2,770)	846	—	**51,230**
	80,621	(8,416)	2,306	—	**74,511**

			Non-cash changes	
	1 April 2020 US$'000	Financing cash flows US$'000	Finance cost incurred US$'000	31 March 2021 US$'000
Bank borrowings (Note 22)	12,870	(2,841)	497	10,526
Loan from a financial institution (Note 22)	3,495	(1,137)	154	2,512
Loan from the ultimate company (Note 22)	10,726	3,200	503	14,429
Convertible bonds (Note 24)	48,347	—	4,807	53.154
	75,438	(778)	5,961	80,621

Note:

On 29 July 2021, the Group has a loan from a financial institution of US$13,984,000. The existing lender and a new lender have entered into a transfer certificate in which the existing lender has agreed to transfer the loan from a financial institution of the Group to the new lender by novation in accordance with the relevant loan agreement.

Upon transfer, the original loan from a financial institution was deemed extinguished and the unamortised transaction costs of US$207,000 was recognised as finance costs in the consolidated statement of comprehensive income for the year ended 31 March 2022 (Note 9). A new bank borrowing of US$14,191,000 was recognised on 29 July 2021.

27. Contingent liabilities

Save as disclosed elsewhere in the consolidated financial statements, there were no other significant contingent liabilities of the Group as at 31 March 2022 (2021: same).

28. Commitments

(a) Capital commitments

At 31 March 2022, capital expenditure contracted for but not yet incurred is as follows:

	2022 US$'000	2021 US$'000
Investment properties	350	284

(b) Operating lease arrangements — as lessor

At 31 March 2022, the Group has the following future aggregate minimum lease receivables under non-cancellable operating leases in relation to chartering of vessels. These vessels chartering agreements have varying terms ranging from 3 to 6 months:

	2022 US$'000	2021 US$'000
Not later than one year	6,006	5,688

29. Related party transactions

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

(a) Significant transactions with related parties

The Group had the following significant transactions with its related companies for the year ended 31 March 2022 and 2021.

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:

	2022 US$'000	2021 US$'000
Interest on loan from the ultimate holding company	440	503
Rental expenses paid to Toprich (Asia) Limited (Note (i))	106	211

Note:

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

29. Related party transactions (Continued)

(b) Balances with related parties

As at 31 March 2022 and 2021, the Group had the following significant balances with its related companies:

	2022 US$'000	2021 US$'000
Other receivables due from related companies controlled by the ultimate controlling parties (Note 17)	**8**	8
Loan from the ultimate holding company (Note 22)	**(8,873)**	(14,429)
Other payables due to related companies which are ultimately controlled by Mr. Yin Hai (Note (i)) (Note 25)	**(3,688)**	(3,563)
Others payables due to a related company controlled by the ultimate controlling parties (Note 25)	**(3,870)**	(3,260)

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

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

Note:

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

(c) Transactions with key management personnel

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

	2022 US$'000	2021 US$'000
Fees and salaries	**747**	896
Pension costs — defined contribution plans	**10**	12
	757	908

30. Statement of financial position and reserve movement of the Company

	2022 US$'000	2021 US$'000
Assets		
Non-current assets		
Investments in subsidiaries (Note (i))	**54,446**	80,604
Current assets		
Amounts due from subsidiaries (Note (i))	**19,808**	32,561
Deposits, prepayments and other receivables	**86**	68
Cash and cash equivalents	**1,201**	124
	21,095	32,753
Total assets	**75,541**	113,357
Equity		
Equity attributable to owners of the company		
Share capital	**1,221**	1,221
Reserves (note (ii))	**12,577**	42,473
Total equity	**13,798**	43,694
Liabilities		
Non-current liability		
Loan from the ultimate holding company	**8,873**	10,662
Current liabilities		
Other payables and accruals	**126**	72
Amounts due to subsidiaries	**1,514**	2,008
Loan from the ultimate holding company	**—**	3,767
Convertible bonds	**51,230**	53,154
	52,870	59,001
Total liabilities	**61,743**	69,663
Total equity and liabilities	**75,541**	113,357

The statement of financial position was approved by the Board of Directors on 24 August 2022 and was signed on its behalf by:

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

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

Note:

(i) For the year ended 31 March 2022, US$26,168,000 (31 March 2021: US$778,000) was recognised for the impairment provision of investment in subsidiaries, and US$1,818,000 (31 March 2021: nil) was recognised for the amounts due from subsidiaries.

(ii) Reserves

	Share premium US$'000	Convertible bonds reserve US$'000	Share option reserve US$'000	Other reserves (Note 21(b)) US$'000	Accumulated losses US$'000	Total US$'000
At 1 April 2020	54,663	38,954	708	77,443	(179,500)	(7,732)
Profit for the year	—	—	—	—	50,190	50,190
Exercise of share options (Note 20 (ii))	21	—	(6)	—	—	15
At 31 March 2021 and 1 April 2021	**54,684**	**38,954**	**702**	**77,443**	**(129,310)**	**42,473**
Loss for the year	—	—	—	—	**(29,896)**	**(29,896)**
Lapse of share option (Note 20 (ii))	—	—	**(421)**	—	**421**	—
At 31 March 2022	**54,684**	**38,954**	**281**	**77,443**	**(158,785)**	**12,577**

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

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 March 2022 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	—	231	—	—	—	2	—	—	233
Ms. Lam Kwan (Note i)	—	192	—	—	—	2	—	—	194
Mr. Cao Jiancheng (Note ii)	—	124	—	—	—	2	—	—	126
Independent non-executive directors:									
Mr. Cheung Kwan Hung	19	—	—	—	—	—	—	—	19
Mr. Chan Chung Bun, Bunny	19	—	—	—	—	—	—	—	19
Mr. Wai Kwok Hung	13	—	—	—	—	—	—	—	13
	51	547	—	—	—	6	—	—	604

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

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

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

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

None of the directors waived any emoluments during the years ended 31 March 2022 and 2021.

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

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

Note:

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

(ii) Mr. Cao Jiancheng resigned as executive director of the Company with effect from 18 August 2021.

(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 (2021: Same).

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

During the year, the Company has not paid any consideration to any third parties for making available directors' services to the Company (2021: Same).

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

There were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertakings of the Company, where applicable, in favour of the directors, or body corporate controlled by or entities connected with any of the directors at the end of the year or at any time during the year (2021: Same).

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

Except for the disclosure in Notes 2 and 29, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, when directly or indirectly, subsisted at the end of the year or at any time during the year (2021: Same).

32. Pledge of assets

As at 31 March 2022, the Group's vessels of US$54,356,000 (2021: US$52,108,000) were pledged as security for bank borrowings and loan from a financial institution (Note 14).

As at 31 March 2022, a cash deposit of US$500,000 (2021: US$500,000) was pledged as security for loan from a financial institution of US$1,522,000 (2021: US$2,512,000) (Note 17).

As at 31 March 2022, the Group's bank deposits of US$1,390,000 (2021: US$1,987,000) were pledged as security for a bank borrowing and a loan from a financial institution. Among the pledged bank deposits, US$889,000 (2021: US$515,000) are of restricted use for daily operation subject to the approval from a bank and a financial institution (Note 18). In case of default under the loan agreements, the bank and the financial institution have the right to seize the pledged bank deposits.

As at 31 March 2022, the bank borrowing obtained under the SME Financing Guarantee Scheme is secured fully by personal guarantees executed by Mr. Yan, Ms. Lam and the Government of HKSAR (31 March 2021: same).

Subsequent to 31 March 2022, the Group entered into Supplemental Settlement Agreement with its Bondholder and the convertible bonds were secured by the following:

(i) the mortgage over a vessel of the Group amounting to US$14,153,000 (Note 14);

(ii) the mortgage over the land use right of a parcel of land of approximately 95.9 mu out of a total of near 200 mu located at Haikou, Hainan Province, the PRC held by 海南華儲實業有限公司 (Note 15);

(iii) the pledge over the equity interest in 海南華儲實業有限公司 held by a wholly owned subsidiary of the Company in Hong Kong (the "Hong Kong Subsidiary"); and

(iv) the corporate guarantees from 海南華儲實業有限公司 and the Hong Kong Subsidiary.

33. Event after the reporting period

Save as disclosed elsewhere in the consolidated financial statements, there were no other significant events required to be disclosed.