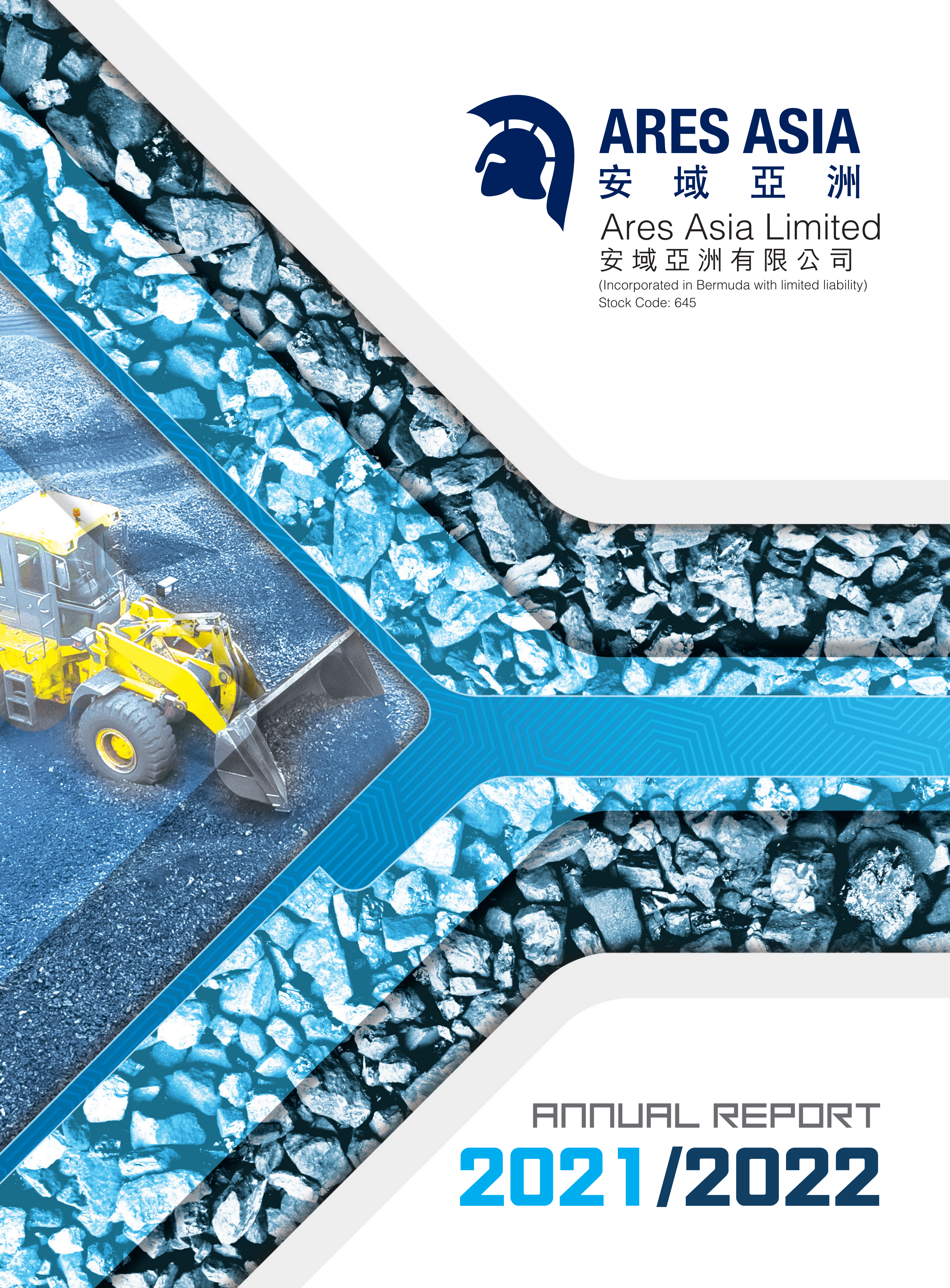


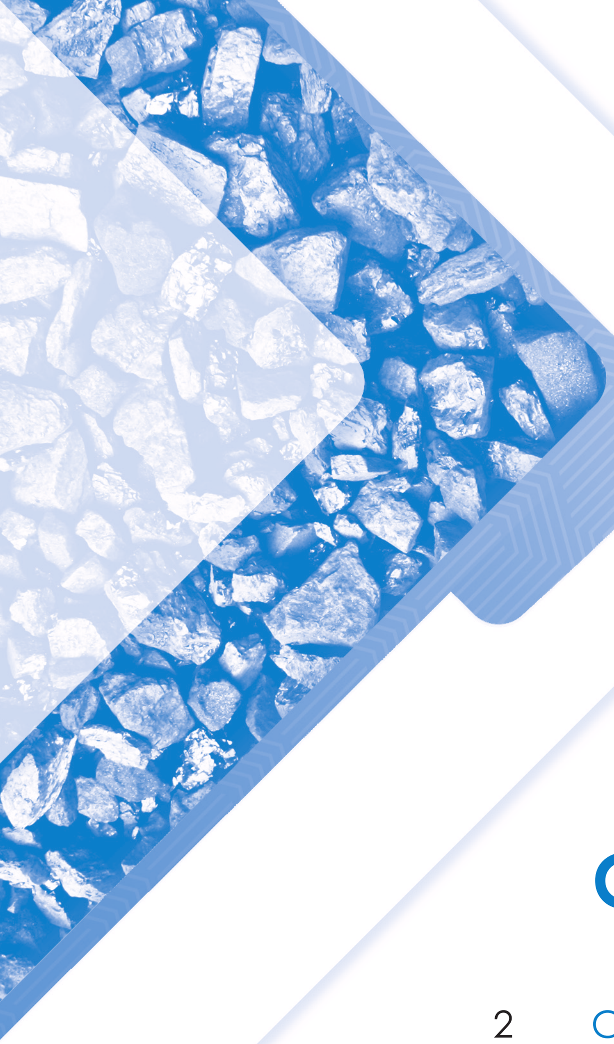
ARES ASIA
安域亞洲

Ares Asia Limited
安域亞洲有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 645

ANNUAL REPORT
2021/2022



CONTENTS

CORPORATE INFORMATION

Ares Asia Limited
(Incorporated in Bermuda with limited liability)

DIRECTORS

Executive Directors
Mr. LAI Yi-Chun (also known as Robert LAI)
(Chairman and Chief Executive Officer)
(appointed as chairman and chief executive officer on 8 July 2022)
Mr. LUO Xiao (appointed on 8 July 2022)

Non-Executive Director
Ms. RUAYRUNGRUANG Woraphanit
(re-designated from executive Director to non-executive Director and resigned as chairman and chief executive officer on 8 July 2022)

Independent Non-Executive Directors
Mr. CHANG Jesse
Mr. YEUNG Kin Bond, Sydney
Mr. LIU Ji (appointed on 13 January 2022)
Mr. NGAN Hing Hon (resigned on 24 January 2022)

AUDIT COMMITTEE

Mr. LIU Ji *(Chairman)*
(appointed as member on 13 January 2022 and as chairman on 24 January 2022)
Mr. CHANG Jesse
Mr. YEUNG Kin Bond, Sydney
Mr. NGAN Hing Hon
(resigned and ceased to be chairman and a member on 24 January 2022)

REMUNERATION COMMITTEE

Mr. CHANG Jesse *(Chairman)*
Mr. YEUNG Kin Bond, Sydney
Mr. LIU Ji (appointed on 13 January 2022)
Mr. NGAN Hing Hon (resigned on 24 January 2022)

NOMINATION COMMITTEE

Mr. YEUNG Kin Bond, Sydney *(Chairman)*
Mr. CHANG Jesse
Mr. LIU Ji (appointed on 13 January 2022)
Mr. NGAN Hing Hon (resigned on 24 January 2022)

COMPANY SECRETARY

Ms. FUNG Mei Ling (appointed on 1 March 2022)
Ms. LEUNG Pui Ki (resigned on 1 March 2022)

AUTHORISED REPRESENTATIVES

Mr. LAI Yi-Chun (also known as Robert LAI)
(appointed on 8 July 2022)
Ms. RUAYRUNGRUANG Woraphanit
(resigned on 8 July 2022)
Ms. FUNG Mei Ling (appointed on 1 March 2022)
Ms. LEUNG Pui Ki (resigned on 1 March 2022)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit No. 9608, Level 96
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

CORPORATE INFORMATION

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

LEGAL ADVISERS

As to Hong Kong Law
Loeb & Loeb LLP

As to Bermuda Law
Conyers Corporate Services (Bermuda) Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

COMPANY WEBSITES

www.aresasialtd.com
www.irasia.com/listco/hk/aresasia

STOCK CODE

645

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Ares Asia Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Company for the year ended 31 March 2022.

The world faced unprecedented challenges during the year ended 31 March 2022 as a result of the continued outbreak of the coronavirus ("COVID-19") pandemic and the rising uncertainty of the macro-economic environment. The storm brought by the COVID-19 has had a significant impact on people and economies worldwide that adjourned countless ongoing projects and putting businesses worldwide at an all-time low. The extensive and recurring lockdowns imposed have curtailed business activities and dampened revenues. Faced with the negative business sentiment of recent global economic uncertainty, we continue to demonstrate a consistent and solid track record in achieving sales by implementing clear strategies to balance short-term results and long-term goals. During the year ended 31 March 2022, the Group recorded (i) revenue of approximately US$101.6 million, a decrease of approximately 13.5%, as compared with the previous financial year; and (ii) gross profit of approximately US$0.4 million, a decrease of approximately 55.6%, as compared with the previous financial year. The Group increased its net loss and recorded a consolidated net loss attributable to shareholders of the Company (the "Shareholders") of approximately US$2.1 million for the year ended 31 March 2022, a decrease of approximately 8.7%, as compared with the previous financial year.

The Group believes that global economic uncertainties and unfavorable trading factors may adversely affect our business and overall short-term performance in the foreseeable future. The Group will be cautious in managing the business risk; be prepared to respond to changes in such business environment, and aim to strategically develop the Group's business to mitigate these impacts. The Group will carefully plan and formulate strategies to manage these factors with the aim to deliver the best possible results to the Shareholders.

On behalf of the Board, I would like to extend my sincere gratitude to our Shareholders, business partners, customers, suppliers, bankers, management and employees for their continuous support and valuable contribution to the Group.

LAI Yi-Chun
Chairman

Hong Kong, 28 September 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL HIGHLIGHTS

The Group continued to mainly operate its coal and other commodities trading business during the year ended 31 March 2022. The customers of the Group are primarily state-owned and privately owned Chinese companies (or their offshore subsidiaries) whose businesses include trading or sales of commodities, including coal, and import and export operations. As a result of the Group supplying to trading customers, the ultimate consumer of the supplies is generally unknown to the Group.

The Group's revenue for the year ended 31 March 2022, which was generated from its coal and other commodities trading business, decreased to US$101.6 million (2021: US$117.5 million). The Group's gross profit from its coal and other commodities trading business was US$0.4 million for the year ended 31 March 2022 (2021: US$0.9 million).

It is the Company's policy not to carry any coal inventory. Accordingly, the Group utilises its knowledge of the specifications and quality of the commodity, its contacts both on the demand and supply sides of the market and its assessment of price/ price trends to seek to meet its customers' needs by sourcing the supplies of the required quantity, specification and delivery period at the best available price from the Group's suppliers, which include coal mine owners, operators or their agents, and offering the same to the Group's customers at an appropriate mark up in price and other settlement terms.

Loss before taxation for the year ended 31 March 2022 was US$2.1 million, representing US$0.9 million of loss from the coal and other commodities trading business, US$0.6 million of impairment loss on right-of-use assest and US$0.6 million of corporate overhead expenses. In comparison, loss before taxation for the year ended 31 March 2021 was US$2.3 million, representing US$0.4 million of loss from the coal and other commodities trading business, US$1.4 million of loss arising from a litigation and US$0.5 million of corporate overhead expenses.

REVIEW OF OPERATIONS

During the year ended 31 March 2022, the performance of the coal and other commodities trading business has recorded with revenue of approximately US$101.6 million, representing a decrease of 13.5% or approximately US$15.9 million, as compared with approximately US$117.5 million for the year ended 31 March 2021. The decrease in revenue was mainly a result of poor market conditions due to COVID-19 pandemic. The Group mainly sold coals originated from Indonesia, Russia and Australia to Mainland China, with a total volume of approximately 1.25 million metric tonnes ("MT") as compared to approximately 2.07 million MT in previous year. Also, the Group sold corn originated from Russia to Mainland China in a total volume of approximately 4,700 MT for the year ended 31 March 2022 (2021: 8,300 MT).

The gross profit of the Group amounted to approximately US$0.4 million for the year ended 31 March 2022. The lower gross profit as compared to approximately US$0.9 million in the previous year was mainly a result of that the Group 's adoption of safe trading strategy, which was to select lower gross profit margin coal transactions with less credit risk during the COVID-19 pandemic and under the global economic uncertainties.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and administrative expenses primarily consisted of employee benefits costs as well as corporate expenses which amounted to approximately US$1.8 million for the year ended 31 March 2022 (2021: US$1.5 million). The increase in selling and administrative expenses was mainly due to commencement of operation of a new subsidiary in Singapore.

Finance costs of US$0.2 million incurred during the year ended 31 March 2022 (2021: US$0.3 million) arose from the bills discounted in trade and the lease liabilities. The decrease in finance costs by approximately US$0.1 million was mainly attributable to the decrease in sales turnover during the year ended 31 March 2022.

The Group recorded loss before taxation of US$2.1 million for the year ended 31 March 2022 decreased as compared to loss before taxation of US$2.3 million for the year ended 31 March 2021. This was mainly because there were no litigation expenses for the year ended 31 March 2022 (2021: US$1.4 million) while such decrease was partially offset by the decrease in gross profit, the increase in selling and administrative expenses and a provision for impairment loss on right-of-use assets during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Directors continue their conservative positioning in managing the Group's working capital.

As at 31 March 2022, cash and bank balances together with pledged bank deposit for the Group amounted to approximately US$9.7 million as compared to US$10.0 million as at 31 March 2021. The balances slightly decreased during the year.

As at 31 March 2022, the Group had no other borrowings as compared to the discounted bills with recourse amounting to US$31.1 million as at 31 March 2021 as the bill receivables that were covered by letters of credit were fully settled as at 31 March 2022. The discounting of bills receivable was a short term trade unexpired/open facility and the underlying bills receivable had maturity periods of 180 days after the receipt of required documents by nominated banks and were covered by corresponding letters of credit. As at 31 March 2022, the Group's debt to equity ratio, being total debt to total equity, was approximately 172% (31 March 2021: 326%).

The Group implements tight control on its credit and collection policies. As stipulated in the sale and purchase agreements for the coal and other commodities trading business, irrevocable letters of credit, up to a tenor of 180 days (2021: 180 days) after the receipt of required documents by nominated banks, are usually required not later than 14 days prior to the expected date of vessels' arrival at loading port. So far, the Group has not experienced any bad debts from its coal and other commodities trading business.

The Group generally relied on its internally generated cash flows and the existing trade facilities to finance its day to day operations. There is no present plan for material capital expenditures and the Directors believe that the Group has adequate liquidity to meet its current and future working capital requirements.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

The Group did not have any material acquisition, disposal and significant investment during the year ended 31 March 2022.

RISK OF CURRENCY FLUCTUATIONS

The Group's assets and liabilities as well as the income and expenses derived from the operation are mainly denominated in Hong Kong Dollars, Singapore Dollars and United States Dollars (i.e. functional currency of the Company and its subsidiaries).

There is no significant exposure to the fluctuation of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. Currently, the Group has no hedging arrangement for foreign currencies and has not entered into any financial derivatives arrangement.

CHARGE OVER THE GROUP'S ASSETS

As at 31 March 2022, there was no charge over the assets of the Group.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group had no significant contingent liabilities (2021: Nil).

CAPITAL COMMITMENTS

As at 31 March 2022, the Group had no capital commitments (2021: Nil).

PROSPECT

Looking forward, the Group expects to continue to face challenges in the future business environment with many uncertainties in the global and local business environment, including China's management of coal imports in the wake of the impact of the COVID-19 pandemic as well as the uncertainties and/or possible escalation of the Sino Australian trade tensions resulting in restrictions on coal imports from Australia. Any further deterioration in the global economy will also increase uncertainties for the Group and adversely affect the Group's business and its short term performance, despite its efforts to manage such risks. These factors may lead to reduced orders, put pressure on its profit margin and payment terms and its performance. The Group will closely monitor the impact of the macro issues on its performance, and will carefully plan and develop strategies to manage these factors to provide the best possible results to shareholders in the medium to long-term. The Group did not have any future plans for material investments or capital assets as at the date of this annual report.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group had a total of 7 full-time (31 March 2021: 9) employees in Hong Kong and Singapore. The Group's emolument policy is to pay salaries and wages that are competitive in the industry in a way that will be motivational, fair and equitable, and that are commensurate to individual's performance and the Group's overall performance. Apart from salaries, the Group also provides other fringe benefits to employees, which include share option scheme, provident fund schemes, discretionary bonuses on performance basis and medical insurance.

The remuneration committee under the Board reviews the Group's emolument policy and remuneration structure of the Directors, having regards to the Group's operating results, individual performance and comparable market standards.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the business of coal trading, entailing the selling of coals purchased from various countries to the People's Republic of China. The Group commenced coal trading in October 2012. An analysis of the Group's performance by operating segments is set out in note 4 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 58 of this annual report.

The Directors did not recommend the payment of any dividend in respect of the year ended 31 March 2022.

BUSINESS REVIEW

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on page 4 and pages 5 to 7 of this annual report respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk, and liquidity risk. The risk management policies and practices of the Group are shown in note 22 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

The Group is also committed to the principle and practice of recycling and reducing. To help conserve the environment, it implements green office practices such as re-deployment of office furniture as far as possible, encourage use of recycled paper for printing and copying, double-sided printing and copying, reduce energy consumption by switching off idle lightings, air conditioning and electrical appliances.

The Company's environmental, social and governance report are set out in the Environmental, Social and Governance Report on pages 33 to 52 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations in material respects 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.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

During the year ended 31 March 2022, there was no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders except for the events mentioned in note 14 to the consolidated financial statements.

PERMITTED INDEMNITY

Pursuant to the memorandum and bye-laws ("Bye-laws") of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Such permitted indemnity provision has been in force throughout the year ended 31 March 2022. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Act 1981 of Bermuda (as amended) (the "Act"), the Company's contributed surplus is distributable to shareholders under certain circumstances as provided in the Act. The reserve of the Company available for distribution to shareholders as calculated under the Act as at 31 March 2022 amounted to US$2,965,000 (2021: US$3,737,000).

Details of the movements in reserves of the Group are set out in the consolidated statement of changes in equity on page 60 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda in respect of the Company's share capital.

DIRECTORS' REPORT

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 108 of this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

DIRECTORS

The Directors during the year ended 31 March 2022 and up to the date of this annual report are:

Executive Directors:

Mr. LAI Yi-Chun (also known as Robert LAI)
(appointed as chairman and chief executive officer on 8 July 2022)
Mr. LUO Xiao
(appointed on 8 July 2022)

Non-Executive Director:

Ms. RUAYRUNGRUANG Woraphanit
(re-designated from executive Director to non-executive Director and resigned as chairman and chief executive officer on 8 July 2022)

Independent Non-Executive Directors:

Mr. CHANG Jesse
Mr. YEUNG Kin Bond, Sydney
Mr. LIU Ji (appointed on 13 January 2022)
Mr. NGAN Hing Hon (resigned on 24 January 2022)

In accordance with Bye-laws 86-87 of the Company's Bye-laws, Mr. LAI Yi-Chun (also known as Robert LAI), Mr. LUO Xiao, Mr. LIU Ji, Mr. CHANG Jesse and Mr. YEUNG Kin Bond, Sydney will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "AGM").

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of the Directors of the Company are set out in the "Biographical Details of Directors" section on pages 19 to 20 of this annual report.

DIRECTORS' EMOLUMENTS

The Directors' emoluments for the year ended 31 March 2022 are set out in note 8 to the consolidated financial statements.

EMOLUMENT POLICY

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual's performance and the Group's overall performance). The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed under the section headed "Material Related Party Transactions" in note 24 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2022.

CONTRACTS OF SIGNIFICANCE

Other than disclosed under the section headed "Material Related Party Transactions" in note 24 to the consolidated financial statements, (i) no contract of significance in relation to the Group's business between the Company, or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries during the reporting year or subsisted at the end of the reporting year; and (ii) no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted at the end of the reporting year or at any time during the year ended 31 March 2022.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS

No Director or the controlling shareholders of the Company and their respective close associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) had interests in a business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, and is required to be disclosed pursuant to the Listing Rules, during the year ended 31 March 2022 and up to the date of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence, and the Board has assessed their independence and considers that each of them to be independent and has met the guidelines set out in rule 3.13 of the Listing Rules.

CHARITABLE DONATIONS

The Group did not make any charitable donation during the year ended 31 March 2022.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2022.

RETIREMENT BENEFITS SCHEME

Details relating to the Group's retirement benefits scheme are set out in note 19 to the consolidated financial statements.

SHARES ISSUED

Details of the shares issued in the year ended 31 March 2022 are set out in note 20 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company's existing share option scheme (the "Share Option Scheme") was adopted on 21 September 2012 (the "Date of Adoption"). The Share Option Scheme will remain in force for a period of 10 years commencing from the Date of Adoption (that is from 21 September 2012 to 20 September 2022). Pursuant to the Share Option Scheme, the Directors may grant options to eligible participants (including any executive directors, non-executive directors and independent non-executive directors, employees of the Group and any other persons who the Board considers, in its sole discretion, to have contributed to the Group) to subscribe for the Company's shares subject to the terms and conditions as stipulated therein. The purpose of the Share Option Scheme is to provide eligible participants with an opportunity to acquire proprietary interests in the Company, which the Directors believe would help the Company to attract and retain high caliber personnel who have made contributions to the success of the Company, and would also help the building of common objective of the Group and the eligible participants for the betterment of business and profitability of the Group.

The number of share options which may be granted under the Share Option Scheme shall not exceed 10% of the issued share capital of the Company as at the date of shareholders' approval. The Company may seek approval by the shareholders at general meeting to refresh the 10% limit (the "Option Scheme Limit"). The maximum number of unexercised share options under the Share Option Scheme and any other share option schemes shall not exceed 30% of the issued share capital of the Company at any time. The maximum number of options issued to each participant under the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of options in excess of the limit is subject to the shareholders' approval in general meeting with such participant and his associates abstaining from voting. Any grant of options to a connected person (as defined in the Listing Rules) must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee). Where options are proposed to be granted to a connected person who is also a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, and the proposed grant of options, when aggregated the options already granted to such connected person in the past 12 months period, would entitle that person to receive more than 0.1% of the total issued shares of the Company for the time being and the value of which is in excess of HK$5,000,000, then the proposed grant must be subject to the approval of the shareholders at the general meeting. Apart from the connected person involved, all other connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant).

Based on 340,616,934 shares of the Company (the "Shares") in issue as at the Date of Adoption, the maximum number of Shares which may be issued upon the exercise of all the options granted or to be granted under the Share Option Scheme or any other share option schemes of the Company must not, in aggregate, exceed 34,061,693 Shares, being 10% of the Shares in issue as at the Date of Adoption. The Option Scheme Limit has not been previously refreshed since the Date of Adoption. The total number of Shares available for issue under the Share Option Scheme is 32,561,693 Shares, representing 6.35% of the total number of Shares in issue as at the date of this annual report.

The exercise price must be at least the higher of: (a) the closing price of the Company's shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on the date of grant, which must be a business day; (b) the average closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for five business days immediately preceding the date of grant; and (c) the nominal value of the Company's shares.

DIRECTORS' REPORT

A nominal consideration of HK$1 is payable by the grantee upon acceptance of an option. The acceptance of an offer of the grant of the option must be made within 15 days from the date of grant.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee of the option, which period may commence on a day after the date upon which the option is granted but shall and in any event be not later than ten years from the date of grant of the option. The Directors may at their sole discretion determine the minimum period for which the option has to be held or other restrictions before the exercise of the option.

There was no outstanding share option under the Share Option Scheme as at 1 April 2021 and 31 March 2022 respectively.

No share option was granted, exercised, lapsed or cancelled during the year ended 31 March 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" below, at no time during the year ended 31 March 2022 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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 its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long position in the Shares

Name of shareholder	Nature of interest	Number of the Shares held	Percentage of issued share capital
Reignwood International Holdings Company Limited ("Reignwood International") *(Note)*	Beneficial Owner	337,465,038	65.76%
Dr. Chanchai RUAYRUNGRUANG *(Note)*	Interest in controlled corporation	337,465,038	65.76%

Note: Reignwood International is wholly-owned by Dr. Chanchai RUAYRUNGRUANG who is the father of Ms. RUAYRUNGRUANG Woraphanit, a non-executive Director.

Save as disclosed above, as at 31 March 2022, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 March 2022 is disclosed in note 24 to the consolidated financial statements. Save for the connected transaction described below in the section headed "Continuing Connected Transaction", none of these transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules that is required to be disclosed.

CONTINUING CONNECTED TRANSACTION

Pursuant to Chapter 14A of the Listing Rules, the Group had the following continuing connected transaction during the year ended 31 March 2022.

Lease of Office Premises

On 15 July 2021, Ares Repco Limited ("Ares Repco"), an indirect wholly-owned subsidiary of the Company, as lessee, entered into a lease renewal agreement (the "Lease Renewal Agreement") with Reignwood International Investment (Group) Company Limited ("Reignwood International Investment"), a direct wholly-owned subsidiary of Reignwood, as lessor, in respect of the renewal of the lease of the premises (the "Premises") situated at Level 96, International Commerce Centre, 1 Austin Road West, Hong Kong for a term of 3 years commencing from 16 July 2021 and expiring on 15 July 2024 at a monthly rent of HK$135,720, exclusive of rates, air-conditioning charges and property management fee, subject to the terms and conditions of the Lease Agreement.

DIRECTORS' REPORT

Dr. Chanchai RUAYRUNGRUANG owns the entire share capital of Reignwood, which in turn holds 337,465,038 shares in the capital of the Company, representing approximately 65.76% of the then total issued share capital of the Company on 15 July 2021, and is the controlling shareholder of the Company. The lessor is a direct wholly-owned subsidiary of Reignwood and, therefore, an associate of Dr. Chanchai RUAYRUNGRUANG and a connected person of the Company. The transactions contemplated under the Lease Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual cap of the aggregate amount payable by Ares Repco to Reignwood International Investment set by the Board for the renewal of the lease of the Premises for the year ended 31 March 2022 is HK$2,000,000. During the year ended 31 March 2022, the total amount incurred by Ares Repco to Reignwood International Investment pursuant to the Lease Renewal Agreement was HK$1,886,000. Further details of this continuing connected transaction are set out in the announcement of the Company dated 15 July 2021.

The independent non-executive Directors have reviewed the aforesaid continuing connected transaction and confirmed that the transaction has been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the aforesaid continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued their unqualified letter containing the auditor's findings and conclusions in respect of the aforesaid continuing connected transaction in accordance with Rule 14A.56 of the Listing Rules as follows, a copy of the auditor's letter has been provided by the Company to the Stock Exchange:

(1) nothing has come to the auditor's attention that causes them to believe that the continuing connected transaction has not been approved by the Board;

(2) nothing has come to the auditor's attention that causes them to believe that the continuing connected transaction was not entered into, in all material respects, in accordance with the relevant agreements governing such transaction; and

(3) nothing has come to the auditor's attention that causes them to believe that the continuing connected transaction has exceeded the respective maximum aggregate annual value as set by the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2022, the percentages of purchases and sales attributable to the Group's major suppliers and customers are as follows:

Purchases

— the largest supplier	27%
— five largest suppliers combined	66%

Sales

— the largest customer	26%
— five largest customers combined	67%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, throughout the year ended 31 March 2022 until the date of this annual report, there is a sufficiency of public float of the Company's securities as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 21 to 32 of this annual report.

AUDIT COMMITTEE

The audit committee of the Company (the "AC") has reviewed with the management and the external auditor of the Company on the accounting principles and practices adopted by the Group, and financial reporting matters, including the audited consolidated financial statements of the Group for the year ended 31 March 2022. The AC and the management has also reviewed and discussed internal controls with an external professional consultant engaged by the Company.

DIRECTORS' REPORT

AUDITOR AND CHANGES IN THE PRECEDING THREE YEARS

The consolidated financial statements of the Group for the year ended 31 March 2020 was audited by Mazars CPA Limited ("Mazars") who resigned on 11 August 2021. The Board appointed Moore Stephens CPA Limited ("Moore Stephens") as the auditor of the Company with effect from 13 June 2022 to fill the casual vacancy following the resignation of Mazars, details of which was set out in the announcement of the Company dated 13 August 2021.

Moore Stephens will retire at the AGM and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Moore Stephens as independent auditor of the Company will be proposed at the AGM.

Mazars were appointed as the auditor of the Company on 18 February 2020 to fill the casual vacancy arising from the resignation of KPMG on 18 February 2020.

Save as disclosed above, there has been no other change of auditors for the preceding three years.

On behalf of the Board
LAI Yi-Chun
(also Known as Robert LAI)
Chairman

Hong Kong, 28 September 2022

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. LAI Yi-Chun (also known as Robert LAI), aged 56, was appointed as the executive Director on 1 November 2018 and the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO") on 8 July 2022. Mr. LAI graduated from Feng Chia University in the Republic of China in 1990 with a Bachelor's Degree of Science in Land Management. Mr. LAI obtained his Master's Degree in Business Administration from the USC Marshall School of Business in the USA in 1993. Mr. LAI has over 25 years of experience in financial analysis, fund management and project management especially in real estate. Mr. LAI is currently a deputy director and director of the international investment department of Reignwood Investment (China) Ltd., a wholly-owned subsidiary of Reignwood International which is the controlling shareholder of the Company with interest in approximately 65.76% of the total issued share capital of the Company; and responsible for pre-project management, financial analysis and modeling and supervising investment projects and implementing investment strategies since October 2010. Mr. LAI is also a director of several subsidiaries of the Company.

Mr. LUO Xiao, aged 35, was appointed as the executive Director on 8 July 2022. He graduated from the City University of Hong Kong with a Master's Degree in Global Business Management. He has over 10 years of experience in the energy industry, covering investment of energy projects, international trading and distribution of coal and oil products. Mr. LUO worked with various reputable energy companies in Hong Kong and Singapore. Since November 2020, Mr. LUO has been the vice president of Reignwood Holding Pte Ltd. which is the subsidiary of Reignwood International, the controlling shareholder of the Company with interest in approximately 65.76% of the total issued share capital of the Company. He was also the vice president of Ares Repco Limited, the subsidiary of the Company from November 2018 to October 2020.

NON-EXECUTIVE DIRECTOR

Ms. RUAYRUNGRUANG Woraphanit, aged 32, was appointed as the executive Director, the Chairman and the CEO on 5 January 2018. She was re-designated as a non-executive Director and resigned as the Chairman and the CEO on 8 July 2022. She obtained her Bachelor's Degree in Advertisement from Peking University in the People's Republic of China ("PRC") in 2013. Ms. RUAYRUNGRUANG is the daughter of Dr. Chanchai RUAYRUNGRUANG, the beneficial owner of Reignwood International which is the controlling shareholder of the Company with interest in approximately 65.76% of the total issued share capital of the Company. She is a director of several subsidiaries of the Company. Ms. RUAYRUNGRUANG, who is also currently a director of several subsidiaries of Reignwood International and companies owned by her family, is responsible for handling refinancing issues, maintaining relationships with banking partners, delivery of Reignwood International's strategic vision outside of the PRC, managing European investment portfolio during the past seven years and currently overseeing one of the Thailand's largest property development project, Reignwood Park, which includes golf course, international school, multiple residential components with villas and golf estate aimed at a diverse range of lifestyles and families.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHANG Jesse, aged 67, was appointed as the independent non-executive Director on 9 June 2014 and the chairman of the remuneration committee of the Company (the "RC") and a member of each of nomination committee of the Company (the "NC") and the AC on 27 June 2014. He was appointed as the acting Chairman for the period from 27 June 2014 to 28 July 2014. He is currently the managing partner of TransAsia Lawyers, a law firm licensed in the PRC and is also an arbitrator of Shanghai International Economic and Trade Arbitration Commission. Mr. CHANG graduated with a bachelor of laws degree and a bachelor of economics degree from The Australian National University and a master of laws degree from the Columbia University in New York. He has extensive experience in advising clients to implement market entry structures in highly regulated sectors in the PRC, such as aviation, media and IT. He has also been involved in corporate restructurings, mergers and acquisitions of numerous multinational companies particularly in industries related to media, IT as well as minerals and resources.

Mr. YEUNG Kin Bond, Sydney, aged 48, was appointed as the independent non-executive Director and the chairman of the NC and the member of each of AC and RC on 16 February 2011. He is currently an executive director, group chief executive officer and a member of the nominating committee of GSS Energy Limited (listed on the Singapore Stock Exchange) since 31 October 2014. Mr. YEUNG is also a director of several subsidiaries of, and a commissioner of two subsidiaries of GSS Energy Limited. Mr. YEUNG is the founder director and shareholder of Roots Capital Asia Limited, a substantial shareholder of GSS Energy Limited. Mr. YEUNG has many years of experience in the financial industry, starting his career in the institutional equity division at Morgan Stanley New York and as the managing director of international trading at Van der Moolen (listed on the New York Stock Exchange), a US securities specialist firm. Mr. YEUNG is an active member of the Rotary Club in Singapore.

Mr. LIU Ji, aged 43, was appointed as the independent non-executive Director and a member of each of the AC, RC and NC on 13 January 2022; and the chairman of the AC on 24 January 2022. He has over 18 years of experience in financial advisory and consultancy services. Since April 2018, Mr. LIU has been the director of Southeast Asia Utilities Investment Management Pte. Ltd. in Singapore which is an investment management and advisory firm. Since January 2017, Mr. LIU has been the chief financial officer of JLogo Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8527). From September 2011 to October 2016, Mr. LIU worked as the senior executive director and head of corporate advisory services at Ellis Botsworth Advisory Pte. Ltd., where he provided financial advisory and consultation services to companies and businesses involved in initial public offering or reverse takeovers, public companies fund raisings and secondary debts/equity financing. From May 2003 to August 2011, Mr. LIU worked at Deloitte & Touche LLP, with his last position as an audit manager. Mr. LIU obtained a bachelor of science in applied accounting from Oxford Brookes University in association with The Association of Chartered Certified Accountants in 2003. Mr. LIU has been qualified as a Chartered Accountant of Singapore and admitted as a member of the Institute of Singapore Chartered Accountants since February 2016.

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value.

The Company adopted all the code provisions in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the year ended 31 March 2022, the Company had complied with the code provisions set out in the CG Code with the exception of the deviation explained below.

THE BOARD OF DIRECTORS

Board Composition and Responsibilities

The Board currently comprises two executive Directors, namely Mr. LAI Yi-Chun (also known as Mr. Robert LAI) (Chairman and CEO) and Mr. LUO Xiao; one non-executive Director, namely Ms. RUAYRUNGRUANG Woraphanit; and three independent non-executive Directors (the "INED(s)"), namely Mr. CHANG Jesse, Mr. YEUNG Kin Bond, Sydney and Mr. LIU Ji.

The Board is responsible for overseeing the management and business affairs as well as approving strategic plans and major policy decisions for the Company with the objectives of enhancing shareholder value.

The Board as a whole achieved an appropriate balance of skills and experience to meet the requirements of the Group's business. The biographical details of the Directors and the relationships amongst them, if any, are set out in the section headed "Biographical Details of Directors" of this annual report.

The Board delegated the day-to-day responsibility to the executive Directors who perform their duties under the leadership of the CEO, while reserving certain key matters for the approval by the Board. The types of decisions to be taken by the Board include but not limited to annual and interim period financial reporting and control, equity fund raising, declaration of interim dividend and making recommendation of final dividend or other distributions, notifiable transactions under the Listing Rules and making recommendation for capital reorganization or scheme arrangement of the Company. The Chairman and the CEO, was delegated with the authority and responsibility to maintain the Group's business and day-to-day operations, and to implement the Group's strategy with respect to the achievement of its business objectives and take up the overall management of the Group. The Board would meet regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group.

The Directors have been keeping abreast of their responsibilities as a director of a listed company and of the conduct, business activities and development of the Group. Management provides appropriate and sufficient information to the Directors and the Board committees' members in a timely manner to keep them apprised of the latest development of the Group. The Board and each of the Directors also have separate and independent access to the management whenever necessary. According to current Board practice, any material transaction that involves a conflict of interests of a substantial shareholder of the Company or a Director, will be considered and dealt with by the Board at a duly convened Board meeting.

Ms. RUAYRUNGRUANG Woraphanit, currently the non-executive Director, is the daughter of Dr. Chanchai RUAYRUNGRUANG, the beneficial owner of Reignwood International which is the controlling shareholder of the Company with interest in approximately 65.76% of the total issued share capital of the Company. Ms. RUAYRUNGRUANG Woraphanit, who is also currently a director of several subsidiaries of Reignwood International and companies owned by her family, was responsible for handling refinancing issues, maintaining relationships with banking partners, delivery of Reignwood International's strategic vision outside of the PRC, and managing European investment portfolio during the past seven years.

Mr. LAI Yi-Chun (also known as Robert LAI), currently the executive Director, is a deputy director and director of the international investment department of Reignwood Investment (China) Ltd., a wholly-owned subsidiary of Reignwood International which is the controlling shareholder of the Company with interest in approximately 65.76% of the total issued share capital of the Company.

CORPORATE GOVERNANCE REPORT

Mr. LUO Xiao, currently the executive Director, has been the vice president of Reignwood Holding Pte Ltd. since November 2020. Reignwood Holding Pte Ltd. is the subsidiary of Reignwood International, the controlling shareholder of the Company with interest in approximately 65.76% of the total issued share capital of the Company.

Save as disclosed above, there is no financial, business, family or other material/relevant relationship amongst the Directors.

Board and Board Committees Meetings and General Meeting

The attendance records of the Directors for the regular Board and Board committees meetings and general meetings of the Company for the year ended 31 March 2022 are as follows:

	No. of meetings attended/No. of meetings held				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Director					
Ms. RUAYRUNGRUANG Woraphanit (resigned as the Chairman and the CEO and re-designated as a non-executive Director on 8 July 2022)	3/4	N/A	N/A	N/A	0/0
Mr. LAI Yi-Chun (also known as Robert LAI) (appointed as the Chairman and the CEO on 8 July 2022)	4/4	N/A	N/A	N/A	0/0
Independent Non-Executive Director					
Mr. CHANG Jesse	4/4	2/2	1/1	1/1	0/0
Mr. YEUNG Kin Bond, Sydney	4/4	2/2	1/1	1/1	0/0
Mr. LIU Ji (appointed on 13 January 2022)	1/1	1/1	1/1	1/1	0/0
Mr. NGAN Hing Hon (resigned on 24 January 2022)	3/4	1/1	N/A	N/A	0/0

In compliance with the Listing Rules, the Company appointed INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company received an annual confirmation of independence from each of the INEDs as required under rule 3.13 of the Listing Rules. The Board considers each of the INEDs to be independent and has met the independence guidelines set out in rule 3.13 of the Listing Rules.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The term of appointment pursuant to the service agreement of Ms. RUAYRUNGRUANG Woraphanit, who was re-designated as a non-executive Director on 8 July 2022, is for a period commencing from 8 July 2022 and ending on 4 January 2024. The term of appointment pursuant to the appointment letter of Mr. LIU Ji, who was appointed on 13 January 2022, is for a term of two years commencing from 13 January 2022. The term of appointment pursuant to the letter of appointment of Mr. CHANG Jesse is for a term of two years commencing from 9 June 2022. The term of appointment pursuant to the appointment letters of Mr. YEUNG Kin Bond, Sydney and Mr. NGAN Hing Hon (resigned on 24 January 2022) is for a term of two years commencing from 16 February 2021. The non-executive Directors are subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting of the Company pursuant to the Bye-laws of the Company (the "Bye-laws").

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2022, Ms. RUAYRUNGRUANG Woraphanit acted as the Chairman and the CEO. The Board considers that the structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that the structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Ms. RUAYRUNGRUANG Woraphanit and believes that her holding of the positions of the Chairman and the CEO is beneficial to the business development of the Group.

With effect from 8 July 2022, Ms. RUAYRUNGRUANG Woraphanit, the executive Director, was re-designated as a non-executive Director and resigned as the Chairman and the CEO due to change of work arrangement; and Mr. LAI Yi-Chun (also known as Robert LAI) was appointed as the Chairman and the CEO. The Board considers that the structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that the structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. LAI Yi-Chun (also known as Robert LAI) and believes that his holding of the positions of the Chairman and the CEO is beneficial to the business development of the Group. The Board will nevertheless regularly review the effectiveness of the structure to ensure that the structure is appropriate in view of the Group's prevailing circumstances.

From April 2021 to February 2022, the Company arranged appropriate insurance cover for the Directors' and officers' liabilities arising from the businesses of the Group. Under the code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. Due to the suspension of trading of the Shares on the Stock Exchange since 2 July 2021, the Company is unable to extend the insurance cover which was expired in February 2022 and will source a new insurance cover in future.

Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings. Under the code provision E.1.2 of the CG Code, the chairman of the board, the chairmen of the audit, remuneration, nomination committees and the external auditor should attend the annual general meeting.

As the annual general meeting of the Company had not been held during the year ended 31 March 2022 due to delay in completion of the audit of the annual results of the Group for the year ended 31 March 2021 following the resignation of the former auditor of the Company, Mazars CPA Limited, on 11 August 2021, the chairman of the Board and the Board committees, and the auditor of the Company did not attend the annual general meeting of the Company.

Securities Transactions by Directors

The Company adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors and by relevant employees of the Group. All Directors confirmed, following specific enquiries made by the Company, that they complied with the Model Code and its code of conduct regarding the Directors' securities transactions during the year ended 31 March 2022.

CORPORATE GOVERNANCE REPORT

Continuous Professional Development of Directors

During the year ended 31 March 2022 and according to the records provided by the Directors, the executive Directors, namely Ms. RUAYRUNGRUANG Woraphanit (who was re-designated as a non-executive Director on 8 July 2022) and Mr. LAI Yi-Chun (also known as Mr. Robert LAI); and the INEDs, namely Mr. CHANG Jesse and Mr. YEUNG Kin Bond, Sydney participated in continuous professional development ("CPD") activities by way of reading materials. The INED, namely Mr. LIU Ji (who was appointed on 13 January 2022) participated in CPD activities by way of attending external seminars/programmes and reading materials. The INED, namely Mr. NGAN Hing Hon (who resigned on 24 January 2022) participated in CPD activities by way of attending external seminars/programmes.

BOARD COMMITTEES

The Company established the NC, the RC and the AC to oversee particular aspects of the Group's affairs. Each of these committees adopted written terms of reference covering its duties, authorities and functions which will be reviewed by the Board from time to time in compliance with the CG Code of the Listing Rules. The terms of reference of these committees were posted on the websites of the Company at www.aresasialtd.com and www.irasia.com/listco/hk/aresasia.

Nomination Committee

The NC comprises INEDs, namely Mr. CHANG Jesse, Mr. YEUNG Kin Bond, Sydney, Mr. LIU Ji (who was appointed on 13 January 2022) and Mr. NGAN Hing Hon (who resigned on 24 January 2022). The NC is currently chaired by Mr. YEUNG Kin Bond, Sydney.

The primary duties of the NC are to review the structure, size and composition and diversity of the Board, identify individuals suitably qualified to become members of the Board, assess the independence of INEDs and make recommendations to the Board on the appointment or re-appointment of the Directors. Where vacancies on the Board exist, the NC will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an INED, the Company's needs and other relevant statutory requirements and regulations according to the Director's Nomination Policy, further details of which are set out in the below paragraph "Director's Nomination Policy".

During the year ended 31 March 2022, the NC had reviewed the structure, size and composition of the Board; assessed the independence of the INEDs; and made recommendation to the Board regarding the appointment of Director.

Remuneration Committee

The RC comprises INEDs, namely Mr. CHANG Jesse, Mr. YEUNG Kin Bond, Sydney, Mr. LIU Ji (who was appointed on 13 January 2022) and Mr. NGAN Hing Hon (who resigned on 24 January 2022). The RC is currently chaired by Mr. CHANG Jesse.

The primary duties of the RC are to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; review and approve any remuneration offered by the Group with reference to corporate goals and objectives resolved by the Board from time to time; and make recommendations to the Board on the remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibilities with the Company, the Company's performance and current market situation. The RC adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of the Directors and senior management.

During the year ended 31 March 2022, the RC had reviewed the remuneration packages of the Directors and the senior management and the Group's remuneration policy and structure; and made recommendation to the Board on the remuneration of non-executive Directors.

Particulars of the Directors' emoluments for the year ended 31 March 2022 are set out in note 8 to the consolidated financial statements.

Pursuant to code provision B.1.5, details of the annual remuneration of the members of the senior management by band for the year ended 31 March 2022 were as follows:

	Number of employee(s)
HK$Nil to HK$1,000,000	4

Audit Committee

The AC comprises INEDs, namely Mr. CHANG Jesse, Mr. YEUNG Kin Bond, Sydney, Mr. LIU Ji (who was appointed on 13 January 2022) and Mr. NGAN Hing Hon (who was the former chairman of the AC and resigned on 24 January 2022). The AC is currently chaired by Mr. LIU Ji.

The primary duties of the AC are to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor; approve the remuneration and terms of engagement of the external auditor; consider any questions of resignation or dismissal of the auditor; discuss the scope of audit work with the auditor; and review the risk management and internal control systems, the Group's financial and accounting policies and practices and the financial statements and reports of the Company. The AC is also responsible for developing and reviewing the Company's policies and practices on corporate governance; reviewing the Company's compliance with the CG code and disclosure in the corporate governance report; and reviewing and monitoring the training and continuous professional development of Directors and senior management and the Company's policies and practices on compliance with legal and regulatory requirements; and etc.

During the year ended 31 March 2022, the AC had reviewed the accounting principles and practices adopted by the Group with the management and the Company's auditor, the report of independent review from external consultant and the Company's policies and practices on corporate governance; and discussed auditing, internal control and financial reporting matters.

Director's Nomination Policy

The nomination policy of the Company (the "Nomination Policy") which sets out the procedure and criteria for the selection, appointment and re-appointment of Directors. The selection criteria that the NC has to consider in evaluating and selecting a candidate for directorship include the following:

(a) contribution to the diversity of the Board in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

(b) reputation for integrity;

(c) his or her ability to devote sufficient time and attention to the affairs of the Company;

(d) the board diversity policy of the Company and any measurable objectives adopted for achieving diversity on the Board;

(e) such other perspectives appropriate to the Company's business or as suggested by the Board; and

CORPORATE GOVERNANCE REPORT

(f) if the candidate is proposed to be appointed as an INED, his or her independence shall be assessed in accordance with, among other things, the factors as set out in the Listing Rules. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an INED with such qualifications or expertise as required under the Listing Rules.

The procedure for the appointment and re-appointment of a Director is summarised as follows:

(a) Nomination by the NC

(i) The NC reviews the structure, size and composition (including the balance mix of skills, knowledge and experience) of the Board periodically and makes recommendation on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) When it is necessary to fill a causal vacancy or appoint an additional director, the NC identifies or selects candidates as recommended to the NC, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;

(iii) If the process yields one or more desirable candidates, the NC shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

(iv) The NC makes recommendation to the Board including the terms and conditions of the appointment; and

(v) The Board deliberates and decides on the appointment based upon the recommendation of the NC.

(b) Re-election of Director at Annual General Meeting

(i) In accordance with the Bye-laws, every director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election at annual general meeting of the Company;

(ii) The NC shall review the overall performance and contribution of the retiring director to the Company. The NC shall also review the expertise and professional qualifications of the retiring director, who offered himself/herself for re-election at the annual general meeting of the Company, to determine whether such Director continues to meet the criteria as set out in the Nomination Policy; and

(iii) Based on the review made by the NC, the Board shall make recommendations to the Shareholders on candidates standing for re-election or re-appointment at the annual general meeting of the Company, and provide the available biographical information of the retiring Directors in accordance with the Listing Rules to enable the Shareholders to make the informed decision on the re-election of such candidates at annual general meeting of the Company.

(c) Nomination by Shareholders of the Company

The Shareholders may propose a person for election as a director in accordance with the Bye-laws and applicable law, details of which are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director" on the websites of the Company at www.aresasialtd.com and www.irasia.com/listco/hk/aresasia.

Mr. LAI Yi-Chun (also known as Robert LAI) and Mr. LUO Xiao, the executive Directors, entered into service agreement for their appointment with the Company for a period of three years commencing from 1 November 2021 and 8 July 2022 respectively unless earlier terminated by either party giving to the other not less than one calendar month's prior notice in writing or otherwise in accordance with the terms of the service agreement. Ms. RUAYRUNGRUANG Woraphanit, who was the executive Director and had been re-designated as a non-executive Director on 8 July 2022, entered into service agreement for her appointment with the Company for a period commencing from 8 July 2022 and ending on 4 January 2024 unless earlier terminated by either party giving to the other not less than one calendar month's prior notice in writing or otherwise in accordance with the terms of the service agreement. Mr. LIU Ji, the INED, entered into an appointment letter for his appointment with the Company for a term of two years with effect from 13 January 2022. Mr. CHANG Jesse, the INED, entered into a letter of appointment for his appointment with the Company for a term of two years commencing from 9 June 2022. Mr. YEUNG Kin Bond, Sydney and Mr. NGAN Hing Hon (who resigned on 24 January 2022), the INEDs, entered into appointment letters for their appointment with the Company for a term of two years commencing from 16 February 2021. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws.

According to Bye-law 87(1)-(2) of the Bye-laws, 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, 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 least once every three years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

According to Bye-law 86(1)-(2) of the Bye-laws, the Directors shall be elected or appointed in the first place at the statutory meeting of the Shareholders and thereafter at each annual general meeting of the Company in accordance with Bye-law 87 of the Bye-laws and shall hold office until the next appointment of Directors or until their successors are elected or appointed. Any general meeting of the Company may authorise the Board to fill any vacancy in their number left unfilled at a general meeting of the Company. The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on Board or, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy of the Company (the "Board Diversity Policy") which sets out the approach to the diversity on the Board.

The Company recognises and embraces the benefits of diversity in Board members. A truly diverse board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be taken into account in determining the optimum composition of the Board.

CORPORATE GOVERNANCE REPORT

The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender. All Board appointments will be based on merit while taking into account diversity including gender diversity. The NC will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption and monitor the implementation of the Board Diversity Policy.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. The Company shall comply with the requirements on board composition under the Listing Rules from time to time.

2. The number of INEDs should be not less than three and one-third of the Board.

3. At least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

4. At least one Director should be the professional or have intensive experience of the industry on which the business of the Group is.

The Board achieved the measurable objectives in the Board Diversity Policy during the year ended 31 March 2022.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility for preparing all information and representations contained in the annual report for the year ended 31 March 2022 under review. The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for overseeing the preparation of financial statements of the Company which give a true and fair view of the financial position of the Group. The management provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

Monthly business and financial reports are prepared by the Group's finance department with a view to providing the Board and the management of the Company with timely and reliable financial/operational data and information to ensure that they fully understand the financial position and operating conditions of the Group all the time.

AUDITOR AND THEIR REMUNERATION

Moore Stephens CPA Limited ("Moore Stephens") was appointed by the Board as the new auditor of the Company with effect from 13 June 2022 to fill the vacancy arising from the resignation of Mazars CPA Limited ("Mazars") on 11 August 2021. The statement of the current auditor of the Company about their reporting responsibilities on the Group's consolidated financial statements for the year ended 31 March 2022 is set out in the Independent Auditor's Report of this annual report. The remuneration paid and payable to the Group's current independent auditor, Moore Stephens, in respect of the year ended 31 March 2022 is approximately US$151,000 for annual audit fee and approximately US$15,000 for non-audit services.

During the year ended 31 March 2022, no audit and non-audit services in respect of the year ended 31 March 2022 had been provided by the Group's former auditor, Mazars.

DIVIDEND POLICY

The dividend policy of the Company (the "Dividend Policy") adopted by the Board on 1 January 2019.

The Dividend Policy is to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Company. The Board endeavors to strike a balance between the shareholders' interests and prudent capital management with a sustainable dividend policy.

The declaration and recommendation of dividends is subject to the decision of the Board after considering the Company's ability to pay dividends, which will depend upon, among other things:

- the Group's current and future operations;
- the Group's earnings;
- the Group's financial condition;
- the Group's cash requirements, expenditure and availability;
- the Group's capital expenditure;
- the Group's investment requirements;
- the Group's expected working capital requirements and future expansion plans;
- the Group's business conditions and strategies;
- the interests of the Shareholders;
- the general business conditions and strategies;
- the general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company;
- any restrictions on payment of dividends that may be imposed by the Group's lenders; and
- any other factors that the Board may consider to be relevant.

The Board has complete discretion on whether to pay a dividend and the form to pay, subject to any restrictions under the Bermuda Companies Act and the Bye-laws. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board.

The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

There is no assurance that dividends will be paid in any particular amount for any given period.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility

The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems and reviewing their effectiveness in order to safeguard the interests of the shareholders and the assets of the Group. The risk management and internal control systems are designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. Action items to mitigate the identified risks are developed for implementation. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company is committed to implement a stricter and more regulated internal control and risk management procedures. In the future, the Group will conduct regular review of the Group's risk management and internal control systems and its effectiveness to ensure the interest of shareholders is safeguarded.

The Board would, at least annually, review the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

Main Features

The main features of the risk management and internal control systems of the Group include:

- to strengthen the Company's risk management and internal control in compliance with the requirements of the Listing Rules;
- to establish and constantly improve the risk management and internal control systems; and
- to keep baseline risks within the acceptable range.

Process

The Group's risk management and internal control systems involve five elements as internal environment, risk assessment, control activities, information and communication and internal supervision. The aim of internal control is to reasonably guarantee the compliance of its operation and management with regulations and laws, assets security, and authenticity and integrity of financial report and related information, improve the efficiency and effectiveness of operating activities and promote the realization of development strategy of the Group.

The Group adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defense, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The finance department, as the second line of defense, defines rule sets and models, oversees and reports risk management matters to the Board. It ensures that risks are within the acceptable range and that the first line of defense is effective. As the final line of defense, the Board together with the AC, with the assistance of an external professional consultant by whom internal audit review was conducted on an annual basis, ensures that the first and second lines of defense are effective through constant inspection and monitoring. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the AC and the Board of Directors on a timely basis to ensure prompt remediation actions are taken.

Handling and Dissemination of Inside Information

The procedures and internal controls for the handling and dissemination of inside information includes:

- the Group conducts the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all policies regarding the inside information;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs.

Internal Audit Function

The Company does not have an internal audit function for the Group. The Company engaged the external professional consultant to assist the Company in maintaining an effective internal audit function and facilitate review of the effectiveness of the Group's risk management and internal control systems conducted by the Board during the year ended 31 March 2022.

The Company performed annual risk assessment to identify significant risks of the Group in terms of strategic risks, operational risks, financial risks and compliance risks. An internal audit plan was determined based upon the result of the annual risk assessment and approved by the AC. In accordance with the duties and responsibilities as stipulated in the Internal Audit Charter, the external consultant performed the internal control review under the approved internal audit plan. Control weaknesses and relevant recommendations were proposed after the internal control review to the Group for improvement. The risk assessment report and internal control review report have been submitted to the AC and the Board for review.

Annual Confirmation

During the year ended 31 March 2022, the Board reviewed the effectiveness of the Group's risk management and internal control systems. The Company considered the Group's risk management and internal control systems are effective and adequate.

COMPANY SECRETARY

Ms. LEUNG Pui Ki, being a professional corporate service provider, was appointed as the company secretary of the Company ("Company Secretary") on 19 February 2016. Ms. RUAYRUNGRUANG Woraphanit, who was the executive Director and subsequently re-designated as a non-executive Director and resigned as the Chairman and the CEO on 8 July 2022, is the person whom Ms. LEUNG can contact for the purpose of the CG Code of the Listing Rules. Ms. LEUNG resigned as the Company Secretary with effect from 1 March 2022 and Ms. FUNG Mei Ling was appointed as the Company Secretary with effect from 1 March 2022. Ms. FUNG has been working with BPO Global Services Limited which amalgamated with Acclime Corporate Services Limited. Its primary corporate contact person at the Company is Mr. LAI Yi-Chun (also known as Robert LAI), the Chairman and the CEO.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2022, there had been no change in the Company's constitutional documents.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting

Pursuant to the Bye-laws, the Board may whenever it thinks fit call special general meetings, and the Shareholders 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, to require a special 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 months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) themselves may do so in accordance with the provisions of Section 74(3) of the The Companies Act 1981 of Bermuda.

Put Forward Proposals at General Meetings

The Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph. The written requisition should be signed by the requisitionist(s) and deposited at the Company's principal place of business in Hong Kong or the Company's Hong Kong branch share registrar and transfer office for the attention of the Company Secretary, specifying the Shareholders' contact details and the resolution intended to be put forward at general meeting of the Company.

For including a resolution to propose a person for election as a Director at general meeting of the Company, the Shareholders are requested to follow the Bye-laws. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting of the Company unless a notice in writing of the intention to propose such person for election as a Director, signed by a Shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company. The minimum length of the period during which such notices are given shall be at least seven days and the period for lodgement of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting of the Company appointed for such election and end no later than seven days prior to the date of such general meeting of the Company. The written notice must state that person's biographical details as required by rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as a Director are posted on the Company's website.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company endeavors to maintain a high level of transparency in communicating with the Shareholders and investors. The Company's policy of shareholder's communication is aiming at providing the Shareholders and potential investors of the Company with ready and timely access to balanced and understandable information of the Company.

The Board and the Company maintain an on-going dialogue with the Shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.

The Shareholders should direct their questions about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. The Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's principal place of business in Hong Kong at Unit No. 9608, Level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Ares Asia Limited (the "Company" and together with its subsidiaries, the "Group") is delighted to present the Environmental, Social and Governance Report ("ESG"). This report aims at enhancing stakeholders' recognition of the Group's performance in terms of environment and society and understanding of the Group's strategy of sustainable development.

ESG is wide-ranging with a great impact not only on company's long-term business development but also on the general society. A good ESG performance is indispensable for a company's long-term success and sustainable development. The Directors of the Group had examined the Group's corporate governance practices and hereby confirmed that the Group had complied with all the provisions set forth in Appendix 27 to the Listing Rules (the "ESG Reporting Guide") throughout the financial year ended 31 March 2022 (the "Reporting Period").

The Group's sustainable development governance focuses on compliance with the applicable environmental and social laws/regulations in the regions where it operates. The Group's policies of sustainable development governance are formulated by its relevant departments according to actual needs and applicable laws and their implementation is subject to the supervision and guidance from the Group's management.

The Group is grateful for the support from stakeholders including shareholders, employees, suppliers, customers, environment and community. Looking forward, the Group will continue to review and strengthen its ESG performance conscientiously for sustainable business development.

GOVERNANCE STRUCTURE

The board of the Company (the "Board") assumes overall responsibility for the Company's ESG governance, which includes:

- ensuring that appropriate and effective ESG risk management and internal control systems are in place;
- determining and assessing the Company's ESG-related risks and opportunities;
- evaluating the Company's ESG management approach, strategy, priorities, objectives and performance targets;
- delegating the day-to-day responsibility for ESG-related matters to the management of the Company (the "Management");
- reviewing the Company's performance periodically against ESG-related goals and targets; and
- approving ESG policy and practices and disclosures in ESG report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Management recognizes and discharges its day-to-day responsibility for ESG-related matters, which includes:

- designing, implementing and monitoring ESG risk management and internal control systems;
- developing ESG policy and practices;
- setting and executing ESG management approach, strategy, priorities, objectives and performance targets in line with the business performance and development;
- monitoring and ensuring compliance with laws and regulations in relation to ESG matters; and
- preparing ESG report.

COMMUNICATION WITH STAKEHOLDERS

The Group values the opinions of stakeholders and is committed to responding to their concerns and improving the Group's performance in sustainable development by optimizing communication strategies and taking concrete actions. The Group has launched various measures in continuous efforts to improve communication with stakeholders. Below are the communication channels between the Group and stakeholders and their concerned topics.

Stakeholders	Concerned Topics	Communication Channels	Frequency
Investors and shareholders	Corporate governance, financial performance	Shareholders' meeting, financial reports and ESG report	Annually
Suppliers and customers	Product quality and customer service	Company website, E-mails, feedback from employees	Irregular
Employees	Compensation, health and safety, training and development	Regular internal meetings, internal complaint mechanism, training	Irregular
Government	Tax compliance, occupational safety	Proactive liaison with relevant government departments	Irregular
Community	Involvement in cultural and social development	Proactive liaison with the relevant bodies	Irregular

MATERIALITY ASSESSMENT

The Group carries out materiality assessment on an annual basis, to more truly reflect the environmental and social issues arisen from the latest interests to stakeholders. Based on the results of materiality analysis in the previous years, the Group reviews the priority of ESG issues by benchmarking the sustainability reporting standards. The specific process is as follows:

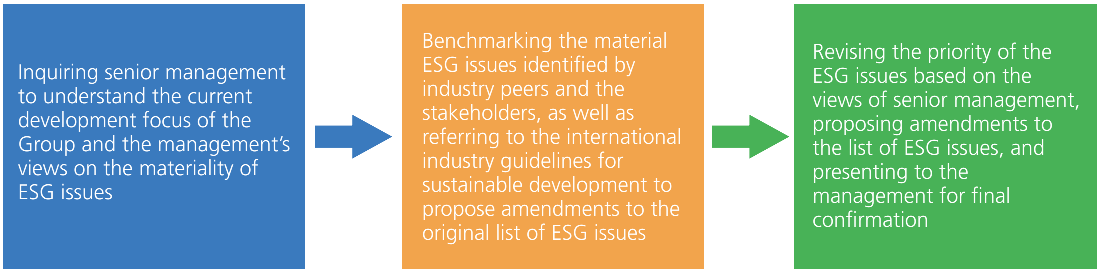


Chart 1: Review process of material ESG issues

Since there was no major change in the principal business of the Group during the Reporting Period, the materiality matrix of ESG issues had no major change, compared to the previous year. The materiality matrix below shows the result of materiality assessment process:

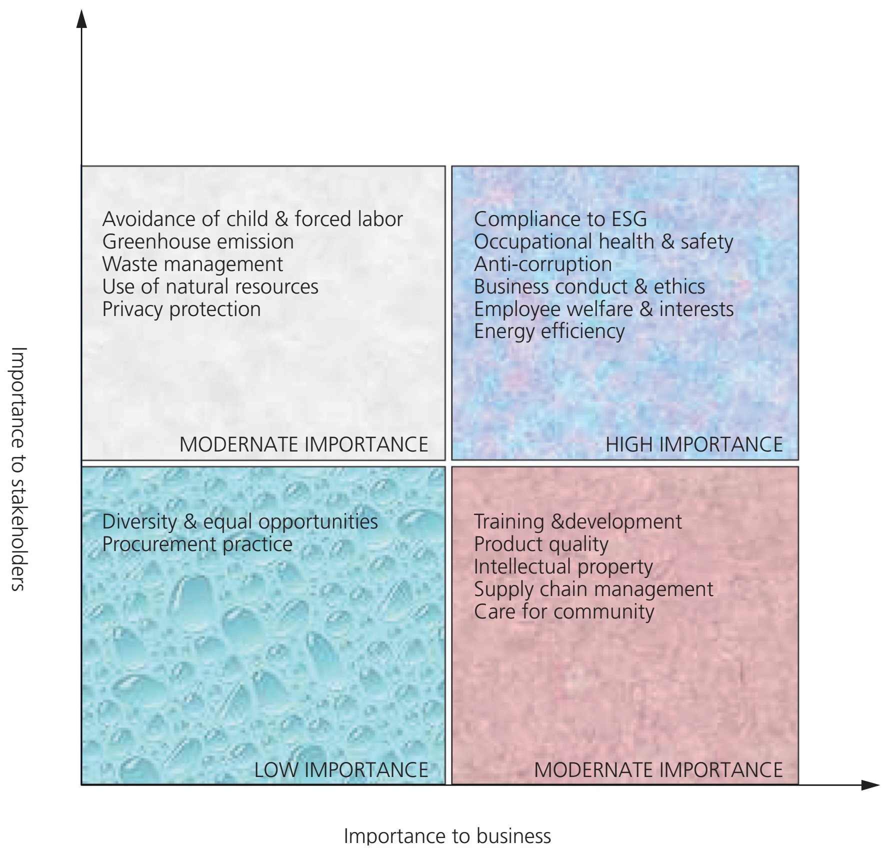


Chart 2: Materiality matrix of ESG issues

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

The Group has applied the principles of "Materiality", "Quantitative", "Balance "and "Consistency" in accordance with the ESG Reporting Guide in the preparation of this report. Details of application of these reporting principles are illustrated below:

Materiality: The Group has engaged stakeholders in the process of identifying, prioritizing and determining important ESG issues that reflect the Group's significant impacts on the economy, environment and society.

Quantitative: The Group has disclosed ESG information on the standards, methodologies, assumptions and calculation tools used, and source of conversion factors used when presenting the environmental and social key performance indicators ("KPIs").

Balance: The Group has prepared this report in a truthful and accurate manner and strives to present a fair disclosure in all aspects of the Group's ESG performance.

Consistency: The Group has adopted consistent reporting and calculation methodologies, and stated any changes in the relevant sections, in order to facilitate the comparison of ESG performance with previous year.

REPORTING BOUNDARY

This report covers the ESG performance of the Group's main business. The Group continued to mainly operate its coal trading business in Hong Kong and Singapore during the Reporting Period. Coal trading business principally entails the sales of coals purchased from various countries to the People's Republic of China.

ENVIRONMENTAL POLICY AND RESOURCES MANAGEMENT MEASURES

The Group is committed to uphold high environmental standards to fulfil relevant requirements under applicable laws or regulations during the operation of the business, including but not limited to by reducing energy consumption and pollutant discharge, responsibly using natural resources, and improving waste management. Since the Group is engaged in coal trading business, the operations are office base and do not create material air pollutant or greenhouse gas emissions directly nor generate significant hazardous materials. The main emission was mainly sourced from electricity consumption indirectly. The Group has striven to reduce the direct and indirect impact of its operations on the environment by reducing unnecessary energy consumption in its offices and adopting environmentally friendly policies.

For the year ended 31 March 2022, the Group strictly complied with all the applicable environmental laws and regulations and was not subject to any environmental regulatory sanction. The applicable environmental laws and regulations include but not limited to the followings:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong);
- Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong);
- Energy Conservation Act (Cap. 92C of the Laws of Singapore); and
- Environmental Protection and Management Act (Cap 94A of the Laws of Singapore).

Promotion of Environmental Awareness

It is Group's policy and targets to reduce generation of waste and use electricity economically. To raise employees' environmental awareness, the Group has pasted environmental stickers and posters on the walls of its offices. The Group also encourages waste recycling and management. Measures include, for example, promoting paperless office and document digitalization. Electrical appliances are turned off when not in use to save energy and electricity.

It is Group's policy and targets to urge energy and water resources conservation and to reduce waste generation. The Group has always advanced the implementation of various environmental policies and utilized a series of recovery measures to minimize wastes, including various sorted collections and waste management before delivery of waste to the property management company of buildings for uniform recovery and treatment. The Group promotes waste recycling to its staff with the aim of reducing waste. For example, the temperature of the air conditioner should be the reasonable range. Employees turn off electrical appliances promptly before leaving the offices. The Group will continue to seek ways to improve energy efficiency and reduce electricity consumption in facilities. Meanwhile, the Group encourages all employees to participate in resource saving activities, encourages employees to save water, electricity and paper, including reducing the number of business trips and encouraging double-sided printing. After employees leave work, internal security guards ensure the office is powered off to ensure no power is wasted.

The Group targets to cut resources consumption, wastes and greenhouse gas emission per person by at least 2% per year. To achieve this target, the Group promotes employees to reduce resources consumption through regular trainings.

Emissions

For the year ended 31 March 2022, the total emission is tabled as below:

Category of emission	unit	31.03.2022	31.03.2021
Hazardous materials[1]	kg	0	0
	kg/person	0	0
Non-hazardous materials[1]	kg	500	548
	kg/person	71.4	60.1
Carbon[2]	ton	38	38
	ton/person	5.4	4.2

1. Due to the office-based-operation, the Group did not generate significant hazardous materials during the Reporting Period (2021: Nil). Non-hazardous wastes, such as office and domestic waste, were minimal and has remote impact on the environment.

2. As the Group does not have vehicles, there is no emissions of SO_x and NO_x (2021: Nil). Due to the nature of trading business, there is also no direct emission of greenhouse gas. The Group's carbon emissions come from emissions indirectly related to electricity consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Resources Consumption

For the year ended 31 March 2022, the total resources consumption is tabled as below:

Category of resources consumption	unit	31.03.2022	31.03.2021
Electricity	kWh	60,500	60,500
	kWh/person	8,643	6,722
Water	m^3	190	190
	m^3/person	27	21

The water consumption of the Group is minimal. The daily water consumption is mainly supplied from the municipal water network, and there is no difficulty in sourcing water. During the cleaning of office, the cleaning workers were strictly controlled for using of water and frequency of cleaning. As a result, the consumption of water was saved.

The Group's operations do not involve significant packaging materials during the Reporting Period.

Environment and Nature Resources

By the business nature of coal trading, the Management considered that the operations of the Group did not cause any significant impact on the environment and natural resources. Nevertheless, the Group takes active measures to reduce electricity consumption, consciously abides by laws and regulations, and pays attention to environmental protection.

Climate Change

Frequent extreme weather arisen from climate change may make significant impact on the Group's daily operations. Shipments from suppliers to customers are affected by climate change and unstable weather. In the event of heavy rainfall, storm surges, floods and other super typhoons, the quality of coal is affected. Meanwhile, extreme weather causes personal safety for employees in office. In this regard, the Groups identifies and mitigates the impact of climate change on an ongoing basis with a view to minimizing the impact on daily operations exposed from climate-related issues. For example, the Group monitors the compliance with climate-related local government policies; formulates relevant emergency plans for delay in shipment; and establishes safety measures to safeguard its staff in workplace, etc.

EMPLOYMENT MANAGEMENT AND POLICY

The Group respects human rights and the personal freedoms of its employees. Therefore, the Group is committed to create an anti-discrimination and anti-harassment workplace for employees. The Group provides equal opportunity for applicants and employees regardless of their age, race, religion, disability, gender, sexual orientation, marital status, social stratum or political background. Earnest investigation and take appropriate actions will be conducted in relation to cases of discrimination or harassment at its discretion. Anti-discrimination is an important part of our recruitment, promotion and dismissal processes.

The Group has covered all employees with the applicable retirement scheme according to relevant laws/regulations and provides them with other benefits including medical benefits. The Group's management reviews the Group's internal management systems on a regular basis and updates its employee compensation and benefit policies according to changes in labour laws. As part of the employee benefits packages, the Group provides all employees provident fund, medical insurance, dental insurance, life Insurance, business travel insurance and health check-up benefit. Employees are granted paid public holidays which are gazette by the local governments every year and the statutory holidays listed in the applicable laws and regulations. Apart from the statutory holidays, employees can enjoy annual leave, paid sick leave, maternity leave, paternity, marriage, compassionate or no pay leave under certain circumstance.

Employees' salaries are reviewed on an annual basis. Salary increment, discretionary bonus or promotion is determined based on merit performance of employee. During the Covid-19 epidemic, the Group implemented flexible work and private vacation arrangements so as allow employees to fulfill their family responsibilities and take care of children. Employment contract may be terminated by either party giving notice in writing or payment in lieu as specified in the binding employment contract.

The Group strictly complies with all applicable labour laws/regulations in relation to employment and labour practices, including but not limited to the followings:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the Laws of Hong Kong);
- Employment Act of Singapore (Cap. 91 of the Laws of Singapore); and
- Central Provident Fund Act of Singapore (Cap. 36 of the Laws of Singapore).

The Group continues to strengthen its HR management strategy and provides its employees with career development opportunities, appropriate incentive and a good working environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employees' Background

As at 31 March 2022, the Group had a total of 7 full-time employees (2021: 9 employees). 6 of them (2021: 8 employees), which represented 86% (2021: 89%), possess a bachelor's degree or above.

The analysis by age, gender, position and geographic distribution of the Group's employees are as follows:

	31.03.2022		31.03.2021	
KPI	*Number*	*Percentage*	*Number*	*Percentage*
Total workers	7	100%	9	100%
Workforce by gender				
Male	2	29%	4	44%
Female	5	71%	5	56%
Workforce by employee type				
Management	3	43%	4	44%
Non-management	4	57%	5	56%
Workforce by age group				
Under 31 years old	1	14%	1	11%
31–50 years old	5	72%	7	78%
Over 50 years old	1	14%	1	11%
Workforce by geographical region				
Hong Kong	3	43%	6	67%
Singapore	4	57%	3	33%
Other (please specify, if any)	0	0%	0	0%
Workforce by education level				
Bachelor's degree or above	6	86%	8	89%
Below a bachelor's degree	1	14%	1	11%

The analysis of staff turnover rate by different categories is as follows:

KPI	31.03.2022 Number	31.03.2022 Percentage	31.03.2021 Number	31.03.2021 Percentage
Total employees leaving employment	2	100%	3	33%
Employees leaving employment by gender				
Male	1	50%	3	75%
Female	1	20%	0	0%
Employees leaving employment by employee type				
Management	1	33%	2	50%
Non-management	1	25%	1	20%
Employees leaving employment by age group				
Under 31 years old	1	100%	0	0%
31–50 years old	1	20%	3	43%
Over 50 years old	0	0%	0	0%
Employee leaving employment by geographical region				
Hong Kong	2	67%	3	50%
Singapore	0	0%	0	0%
Other (please specify, if any)	0	0%	0	0%

Health and Safety

The Group cares for its employees regarding their health and benefits and provides them with insurance plans to enhance their social security and reduce their medical costs. As part of the employee benefits package, the Group provides all employees and their dependents a free medical check-up every year.

The Group reviews its workplace and safety policies regularly to ensure compliance with the applicable laws and regulations, including but not limited to the followings:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Workplace Safety and Health Act (Cap. 354A of the Laws of Singapore); and
- Work Injury Compensation Act (Cap. 354 of the Laws of Singapore)

All accidents are required to be reported to the Group and subject to evaluation according to the Group's internal processes. The Group briefs new employees on occupational health and safety policy at induction, and communicate the latest occupational safety information on a regular basis. The Group did not experience any industrial accident or injury in each of the past three years, including the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Development and Training

In order to promote employees' career development and solidify the foundation of the Group's sustainable development, the Group encourage s employees to take part in relevant courses offered by professional organizations and, through these courses, improve their professional knowledge, skills, techniques and competitiveness and broaden their horizons. The Group invite s various outside parties regularly to provide training on various aspects.

The analysis of employees trained by gender and employee category is as follows:

	31.03.2022		31.03.2021	
KPI	*Number*	*Percentage*	*Number*	*Percentage*
Trained Employee	7	100%	9	100%
Trained Employees by gender				
Male	2	100%	4	100%
Female	5	100%	5	100%
Trained Employees by employee type				
Management	3	100%	4	100%
Non-management	4	100%	5	100%

During the year ended 31 March 2022 all employees of the Group attended training on various topics, including occupational safety and health and the coverage of training reached 100%. The total training hours is 30 hours (2021: 41 hours). The average training hours for male/female/management/non-management staff are 2 hours, 5 hours, 3 hours and 4 hours (2021:4 hours, 5 hours, 4 hours and 5 hours) respectively.

Labour Standards

During the recruitment process, background checks will be conducted such as verifying identify, checking academic certification, inspecting valid working visa, etc. The Group does not only abide by the relevant labour laws or regulations, but also monitor to prevent illegal employment of child and forced labour.

For the year ended 31 March 2022, the Group reviewed all employment records and did not use any child labour or forced labour in compliance with employment laws/regulations in the jurisdictions we operated.

The Group does not tolerate any child and forced labour and is not exposed to such risk. Following actions will be taken provided that any child and forced labour are discovered:

- To cease the employment of the child labour;
- To carry out an investigation for any non-compliance identified;
- To report to the local labour authority, where appropriate after investigation; and
- To take corrective actions for prevention in future.

COMPLIANCE OPERATION

Supply Chain Management

The Group is committed to setting up of a long term supply and demand cooperation relationship, strictly selecting suppliers and prudently considers the inherent environment and social risk. Risk assessment is conducted in terms of certifications in relation to product quality, pricing, stability of delivery, reliability, reputation and environmental protection. The Group also assesses suppliers annually to establish a stable supply chain. In case of disqualified supplier, the Group, upon confirmation through inspection, will immediately terminate the contract and solve the problem to ensure product quality.

For the year ended 31 March 2022, there are total of 16 suppliers (2021: 15 suppliers) from seven countries/districts (2021: six countries/districts):

	31.03.2022		31.03.2021	
Number of suppliers by geographical region	*Number*	*Percentage*	*Number*	*Percentage*
Singapore	8	50%	5	33%
Australia	0	0%	2	13%
Hong Kong	2	13%	3	20%
Japan	0	0%	1	7%
Switzerland	1	6%	1	7%
Indonesia	2	13%	3	20%
China	1	6%	0	0%
Taiwan	1	6%	0	0%
Other	1	6%	0	0%
Total	16	100%	15	100%

All selection of new suppliers is subject to the approval by our senior management. The selection criteria take into account of environmental and social risks, such as compliance with applicable environmental laws and regulations, sustainability, fair-trade, etc. In order to encourage suppliers to continuously improve their performance of environmental and social responsibilities, we require each supplier to meet the necessary requirements on environmental protection and occupational health and safety. For example, we consider suppliers producing clean coal, applying eco-friendly technologies in mining and meeting occupational safety and health standards. The Group reviews the suppliers list on an annual basis to ensure that they meet our requirements.

Privacy Protection and Product Responsibility

The Group protects confidentiality of personal information and customer privacy and complies with the applicable laws and regulations, including but not limited to the followings:

- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong);
- Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong); and
- Personal Data Protection Act 2021 of Singapore.

The Group has formulated detailed codes of conduct for operation and service to protect customer privacy. The Group requires employees to comprehensively comply with instructions on customer data treatment and prohibits them from copying, communicating or disclosing confidential information without authorization to reduce the risk of information leakage.

The Group observes and protects intellectual property rights, and opposes any form of intellectual property infringement. The Group has included this provision in employee handbooks and ensured its strict implementation through corporate policies, systems and processes.

In addition, the Group has a quality control system in place for all the products sold. Product quality is in line with safety and health regulations and remains stable for a long time. The Group has set up channel for prompt treatment of customers' query, feedback, complaints and relevant after-sales services. The Group values customers' complaints and conducts internal investigation through fair, open and just means. Provisions of investigation results and reasons will be provided to the customers affected and subsequent remedial measures will be taken. The Group also regularly conducts spot check of product quality and reviews the aspects for improvement according to customers' opinions and complaints, so as to improve the product and service level of the Company. For the year ended 31 March 2022, no complaints nor non-compliance issues are discovered on the aspects of privacy protection and product responsibility.

Since coal purchased are shipped directly from suppliers to customers, product recall is arranged between suppliers and customers by their own. Recall procedures was no applicable to the Group.

Anti-corruption

The Group believes that honesty, integrity and fair play are importance assets in its business. Internal code of conduct was established to set out the standards of behavior for its employees to follow. The Group requires its employees to behave ethically, do things honestly, treat others fairly, respect diversity, accept accountability and communicate openly under the standards. The code of conduct stipulated rules against bribery, procedures for accepting advantages, policy on conflict of interest, dealing in listed securities, etc. Anyone who is in breach of the guidelines or applicable regulatory requirements will be disciplined or even dismissed.

The Group complies with all applicable anti-corruption laws/regulations in relation to anti-corruption, including but not limited to the followings:

- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong); and

- Prevention of Corruption Act (Cap 241 of the Laws of Singapore).

During the Reporting Period, the Group did not receive any reports regarding bribery, corruption, extortion, fraud or money laundering case relating to the Group. There were no concluded legal cases regarding corrupt practices brought against the Group and its employees.

The Group encourages employees, customers, suppliers and other stakeholders to pay attention to and report on any misconduct relating to the Group. Any stakeholders are welcome to express their concern without restriction through face-to-face, email or telephone directly to audit committee, senior management, personnel department or immediate supervisors whatever it is appropriate. The reported cases are handled in a timely, confidential and independent manner so as to protect whistleblowers against retaliation and reprisals. Our management designated by the ICAC will review the reported cases and take follow up actions to investigate on every possible misconduct or irregularity.

If an employee has any grievances over his or her employment or being discriminated against the Discrimination Ordinances at work, employees can first discuss the matter with immediate head of department or any directors. If the grievance or complaint cannot be satisfactorily settled, employees may present the case to personnel department and/or senior management. Grievance or complaint will be investigated in strict confidence and responded within 3 working days.

For the purpose of implementing the code of conduct effectively, we regularly provide training and materials to directors and employees for their awareness of latest information about anti-corruption (such as presentation materials prepared by the ICAC).

Care for Community

The Group is committed to support community development in the areas where it operates and having a positive influence on the local communities. The Group supports community engagement, contribute to cultural and social development, and encourage employees to get involved in volunteer services and community activities to promote cultural diversity and community values.

The Group adopts the community investment policy to build trust and stable relationships with its stakeholders. The Group focuses its social contribution on healthcare, culture, education and development, as well as labor cooperation.

As a socially responsible company, we are actively involved in community and charitable work. During the Reporting Period, the employees of the Group participated in a total of 12 hours of voluntary services in Singapore. In Covid-19 epidemic in particular, the Group joined the activities to provide healthcare support to the local community. The Group continues to collaborate with charitable organizations (such as the People’s Association) to promote racial harmony and social cohesion in Singapore.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG REPORTING GUIDE CONTENT INDEX

KPIs	Hong Kong Stock Exchange ESG Report Index	Section/Remarks
A1 Emissions		
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 nonhazardous waste.	Environmental Policy and Resources Management Measures
KPI A1.1	The types of emissions and respective emissions data.	Not applicable to the Group's business.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable to the Group's business.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Promotion of Environmental Awareness
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Promotion of Environmental Awareness

KPIs	Hong Kong Stock Exchange ESG Report Index	Section/Remarks
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Policy and Resources Management Measures
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).	Resources Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Promotion of Environmental Awareness
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resources Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Group's businesses.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	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.	Environment and Natural Resources

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	Hong Kong Stock Exchange ESG Report Index	Section/Remarks
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	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.	Climate Change
B1 Employment		
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, antidiscrimination, and other benefits and welfare.	Employment Management and Policy
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employees' Background
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employees' Background

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	Hong Kong Stock Exchange ESG Report Index	Section/Remarks
B2 Health and Safety		
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.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	No relevant circumstances occurred.
KPI B2.2	Lost days due to work injury.	No relevant circumstances occurred.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	Hong Kong Stock Exchange ESG Report Index	Section/Remarks
B4 Labour Standards		
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.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	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
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

KPIs	Hong Kong Stock Exchange ESG Report Index	Section/Remarks
B6 Product Responsibility		
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.	Privacy Protection and 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's businesses.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No relevant circumstances occurred.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Privacy Protection and Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Group's businesses.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Privacy Protection and Product Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	Hong Kong Stock Exchange ESG Report Index	Section/Remarks
B7 Anticorruption		
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.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	No relevant circumstances occurred.
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8 Community Investment		
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.	Care for community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care for community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Care for community

INDEPENDENT AUDITOR'S REPORT

MOORE

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大華馬施雲
會計師事務所有限公司

To the members of
Ares Asia Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Ares Asia Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 58 to 107, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 financial position of the Group as at 31 March 2022 and of its financial performance and 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *Refer to Notes 2(n) and 4 to the consolidated financial statements* The Group is principally engaged in the coal trading business. Revenue mainly represents income from the sale of coal sourced from various countries to customers in Mainland China. The Group enters into sale and purchase agreements with customers and, in accordance with the terms of the agreements, revenue is recognised when the control of the coal has been transferred to the customers which is determined to be when the coal is transferred to the ship at the point of origin's anchorage. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk in recognition of revenue to meet specific targets or expectations.	Our key procedures, among others, included: • Evaluated the design, implementation and operating effectiveness of key internal controls which govern revenue recognition; • Inspected sale and purchase agreements, on a sample basis, to understand the terms of delivery and assessed whether management recognised the related revenue in accordance with the Group's accounting policies and the prevailing accounting standards; • Compared, on a sample basis, revenue transactions recorded during the year with the underlying sale and purchase agreements, bills of lading, invoices and bank-in slips for settled balances and assessed whether the related revenue had been recognised in accordance with the Group's revenue recognition policies; • Obtained confirmations, on a sample basis, from major customers of the Group of sales transactions during the year and, for unreturned confirmations, performed alternative procedures by comparing details of the transactions with relevant underlying documentation; and • Compared, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying sale and purchase agreements and bills of lading to determine whether the related revenue had been recognised in the appropriate financial period.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information in this annual report of the Company but does not include 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 THE DIRECTORS 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- 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.

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 year 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.

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practicing Certificate number: P06995
Hong Kong, 28 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	Note	2022 *US$'000*	2021 *US$'000*
Revenue	*4*	**101,556**	117,506
Cost of sales		**(101,148)**	(116,637)
Gross profit		**408**	869
Loss arising from a litigation	*23*	**–**	(1,390)
Other income, net	*5*	**29**	48
Selling expenses		**(95)**	(129)
Impairment loss on right-of-use assets		**(545)**	–
Administrative expenses		**(1,725)**	(1,377)
Loss from operations		**(1,928)**	(1,979)
Finance costs	*6*	**(200)**	(283)
Loss before taxation	*6*	**(2,128)**	(2,262)
Income tax	*7*	**–**	–
Loss and total comprehensive loss for the year		**(2,128)**	(2,262)
		US	*US*
Loss per share			
Basic and diluted	*10*	**(0.41 cents)**	(0.44 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Note	2022 US$'000	2021 US$'000
Non-current assets			
Property, plant and equipment	11	1	1
Right-of-use assets	12	–	57
		1	58
Current assets			
Trade and other receivables	14	14,938	37,470
Pledged bank deposits	15(b)	900	900
Cash and bank balances	15(a)	8,781	9,170
		24,619	47,540
Current liabilities			
Trade and other payables	16	14,035	2,655
Contract liabilities	17	1,000	2,500
Discounted bills with recourse	18	–	31,124
Lease liabilities	12	277	139
		15,312	36,418
Net current assets		9,307	11,122
Total assets less current liabilities		9,308	11,180
Non-current liabilities			
Lease liabilities	12	256	–
Net assets		9,052	11,180
Capital and reserves			
Share capital	20	662	662
Reserves		8,390	10,518
Total equity		9,052	11,180

These consolidated financial statements on pages 58 to 107 were approved and authorised for issue by the Board of Directors on 28 September 2022 and signed on its behalf by

LAI Yi-Chun	**LUO Xiao**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Share capital US$'000	Share premium account US$'000 (Note 20(c))	Contributed surplus US$'000 (Note 20(c))	Accumulated losses US$'000	Total US$'000
1 April 2020	662	6,777	15,088	(9,085)	13,442
Loss and total comprehensive loss for the year	–	–	–	(2,262)	(2,262)
At 31 March 2021 and 1 April 2021	662	6,777	15,088	(11,347)	11,180
Loss and total comprehensive loss for the year	–	–	–	(2,128)	(2,128)
At 31 March 2022	**662**	**6,777**	**15,088**	**(13,475)**	**9,052**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Note	2022 US$'000	2021 US$'000
OPERATING ACTIVITIES			
Loss before taxation		**(2,128)**	(2,262)
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	**2**	1
Depreciation of right-of-use assets	6(c)	**97**	195
Finance costs	6(a)	**200**	283
Impairment loss on right-of-use assets		**545**	–
Changes in working capital:			
Trade and other receivables		**18,082**	(18,171)
Trade and other payables		**15,830**	(10,366)
Contract liabilities		**(1,500)**	2,500
Net cash from (used in) operating activities		**31,128**	(27,820)
INVESTING ACTIVITIES			
Increase in pledged bank deposits		**–**	(900)
Addition of property, plant and equipment		**(2)**	–
Net cash used in investing activities		**(2)**	(900)
FINANCING ACTIVITIES			
Increase in discounted bills with recourse		**53,800**	111,606
Repayment of discounted bills with recourse		**(84,924)**	(83,502)
Interest paid		**(200)**	(404)
Repayment of lease liabilities		**(191)**	(235)
Net cash (used in) from financing activities		**(31,515)**	27,465
Net decrease in cash and cash equivalents		**(389)**	(1,255)
Cash and cash equivalents at beginning of the reporting period		**9,170**	10,425
Cash and cash equivalents at end of the reporting year	15(a)	**8,781**	9,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

1. GENERAL INFORMATION

Ares Asia Limited (the "Company", together with its subsidiaries are collectively referred to as the "Group") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the directors, the ultimate holding company of the Company is Reignwood International Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability. The address of the registered office and principal place of business of the Company is located at level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The trading in the shares of the Company on the Main Board of the Stock Exchange has been suspended with effect from 2 July 2021.

These consolidated financial statements are presented in United States dollars ("US$") and rounded to the nearest thousand ("000"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020/21 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

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

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(d)(ii)), unless the investment is classified as held for sale.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(d)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvements	4 years or over the remaining term of the lease, if shorter
Furniture, fixtures and equipment	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Credit losses and impairment of assets

(i) Credit losses of financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and bank balances and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rate where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Credit losses and impairment of assets *(Continued)*

(i) Credit losses of financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 150 days past due. 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.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Credit losses and impairment of assets *(Continued)*

(i) Credit losses of financial instruments (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(n) to the consolidated financial statements is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- prepayments for supply contracts; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Trade and other receivables (other than prepayments for supply contracts)

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(d)(i)).

(f) Prepayments for supply contracts

Prepayments for supply contracts are stated at cost less allowance for impairment losses (see Note 2(d)(ii)).

(g) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) Discounted bills with recourse

Discounted bills with recourse are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, discounted bills with recourse are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the year of the borrowings, together with any interest and fees payable, using the effective interest method.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(d)(i) to the consolidated financial statements.

(j) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(k) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Income tax *(Continued)*

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The Group engages in the trading of coal and other commodities.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(i) a good or service (or a bundle of goods or services) that is distinct; or

(ii) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(i) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(ii) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(iii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Revenue recognition *(Continued)*

Revenue from contracts with customers within HKFRS 15 *(Continued)*

Timing of revenue recognition (Continued)

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of coal and other commodities is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(d)(i)).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Contract assets and contract liabilities

If the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

It is common for the Group to receive from the customer the whole or some of the contractual payments before the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

(p) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(q) Leases

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

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Leases *(Continued)*

As lessee *(Continued)*

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises:

(i) the amount of the initial measurement of the lease liability;

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the Group; and

(iv) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses (see Note 2(d)(ii)) and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset as follows:

Office premises	Over the lease term

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract. The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(i) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate;

(iii) amounts expected to be payable under residual value guarantees;

(iv) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Leases *(Continued)*

As lessee *(Continued)*

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

(i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(i) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(ii) the Group determines the lease term of the modified contract.

(iii) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(iv) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(v) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Translation of foreign currencies

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

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of entities with functional currency other than United States dollars are translated into United States dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into United States dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences, if any, are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an entity with functional currency other than United States dollars, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going 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 accounting policies

The following is 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 in the consolidated financial statements.

Principal versus agent consideration (principal)

The Group engages in trading of coal and other commodities. The Group concluded that the Group acts as the principal for such transactions as the Group is primarily responsible for fulfilling the promise to provide the coal and other commodities. The Group is also responsible for identifying customers and suppliers and determining quantity of the commodities and transportation and payment terms with customers and suppliers, and has discretion in setting price of the goods bought and sold, respectively. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty

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

(i) Loss allowance on receivables

The Group uses provision matrix to calculate ECL for receivables. The provision matrix is based on the Group's historical credit loss experience (including credit history of its customers) and the current and forecast economic conditions. Management reassesses the provision at the end of each reporting period.

Significant judgement is exercised on the assessment of the collectability of receivables from each customer. In making the judgement, management considers a wide range of factors such as ageing of the receivables, customer credit-worthiness and historical write-off experience. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(ii) Income tax

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the coal and other commodities trading business. All of the revenue for the year ended 31 March 2022 is recognised in accordance with HKFRS 15. Revenue from contracts with customers, which is also the Group's turnover, mainly represents the sales value of coal in the ordinary course of businesses which are recognised at a point in time. The revenue from contracts with customers within HKFRS 15 is based on fixed price.

4. REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

Revenue from customers contributing over 10% of the Group's revenue are as follows:

Coal and other commodities trading	**Year ended 31 March**	
	2022	2021
	Amount	Amount
	US$'000	*US$'000*
Customer 1	**26,270**	N/A
Customer 2	**9,773**	52,296
Customer 3	**N/A**	21,793
Customer 4	**N/A**	12,428
Customer 5	**13,521**	N/A
Customer 6	**11,449**	N/A

No revenue was generated from Customers 3 and 4 and Customers 1, 5 and 6 for the year ended 31 March 2022 and 2021 respectively.

(b) Segment reporting

The Group has a single reportable segment which is "coal and other commodities trading". The information reported to the Group's management for the purpose of resource allocation and performance assessment presents the operating results of the Group as a whole since the Group's resources are integrated and no discrete operating segment is available. Accordingly, the operating segment information for this sole reportable segment is equivalent to the consolidated figures.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and right-of-use assets ("Non-current assets"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the Non-current assets is based on the physical location of the asset.

	Revenue from external customers		**Non-current assets**	
	2022	2021	**2022**	2021
	US$'000	*US$'000*	***US$'000***	*US$'000*
Mainland China	**101,556**	117,506	**–**	–
Hong Kong	**–**	–	**–**	58
Singapore	**–**	–	**1**	–
	101,556	117,506	**1**	58

5. OTHER INCOME, NET

		2022	2021
		US$'000	*US$'000*
Government subsidies	*Note*	**29**	61
Net foreign exchange (loss) gain		**–**	(13)
		29	48

Note: The government subsidies were granted from the Government of the Singapore and Hong Kong Special Administration Region under the Employment Support Scheme for the years ended 31 March 2022 and 2021 respectively.

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2022	2021
	US$'000	*US$'000*
(a) Finance costs		
Interest on discounted bills	**181**	274
Interest on lease liabilities	**19**	9
	200	283
(b) Staff costs		
Salaries and other benefits	**801**	594
Contributions to defined contribution retirement plan	**9**	15
	810	609
(c) Other items		
Cost of inventories	**96,007**	103,270
Depreciation of property, plant and equipment	**2**	1
Depreciation of right-of-use assets	**97**	195
Auditors' remuneration		
– Annual audit	**151**	161
– Non-annual audit	**15**	49

7. INCOME TAX

Hong Kong Profits Tax, if any, is calculated at 16.5% (2021: 16.5%) on the assessable profits for the year. No provision for Hong Kong Profits Tax had been made for the years ended 31 March 2022 and 2021 as the Group's operations in Hong Kong incurred a loss for Hong Kong Profits Tax purpose.

The income tax provision in respect of operations in Singapore is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2022 ***US$'000***	2021 *US$'000*
Loss before taxation	**(2,128)**	(2,262)
Income tax at domestic tax rates in respective tax jurisdictions	**(351)**	(373)
Tax effect of non-taxable income	**(5)**	(10)
Tax effect of non-deductible expenses	**148**	308
Tax effect of deductible temporary differences not recognised	**90**	–
Tax effect of tax losses not recognised	**118**	75
Income tax	**–**	–

Deferred tax assets not recognised

The Group has not recognised deferred tax asset in respect of tax losses of US$16,924,000 (2021: US$16,209,000) as it is not probable that sufficient taxable profits will be available to allow the tax losses to be utilised in the foreseeable future. The tax losses do not expire under current tax legislation.

8. DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments paid and payable to the directors of the Company by the Group during the year are as follows:

Year ended 31 March 2022

	Directors' fees *US$'000*	Salaries, allowances and benefits in kind *US$'000*	Contributions to defined contribution retirement plans *US$'000*	Total *US$'000*
Executive directors				
RUAYRUNGRUANG Woraphanit	–	90	2	92
Lai Yi-Chun	–	123	–	123
Independent non-executive directors				
CHANG Jesse	23	–	–	23
NGAN Hing Hon *(note a)*	19	–	–	19
YEUNG Kin Bond, Sydney	23	–	–	23
LIU Ji *(note b)*	4	–	–	4
	69	213	2	284

Year ended 31 March 2021

	Directors' fees *US$'000*	Salaries, allowances and benefits in kind *US$'000*	Contributions to defined contribution retirement plans *US$'000*	Total *US$'000*
Executive directors				
RUAYRUNGRUANG Woraphanit	–	82	2	84
Lai Yi-Chun	–	52	–	52
Independent non-executive directors				
CHANG Jesse	23	–	–	23
NGAN Hing Hon *(note a)*	23	–	–	23
YEUNG Kin Bond, Sydney	23	–	–	23
	69	134	2	205

Notes:

(a) Mr. NGAN Hing Hon resigned as non-executive director on 24 January 2022.

(b) Mr. LIU Ji was appointed as non-executive director on 13 January 2022.

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Year ended 31 March 2022

8. DIRECTORS' EMOLUMENTS *(Continued)*

During the years ended 31 March 2022 and 2021, there was no amount paid or payable by the Group to the directors or any of the highest paid individuals as set out in Note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office and the entire amount were paid or payable for the emoluments to the management of the Company. There was no arrangement under which a director has waived or agreed to waive any remuneration during the years ended 31 March 2022 and 2021.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2021: two) are directors whose emoluments are disclosed in Note 8 to the consolidated financial statements. The aggregate of the emoluments in respect of the other three (2021: three) individuals are as follows:

	2022 ***US$'000***	2021 *US$'000*
Salaries and other emoluments	**255**	220
Contributions to defined contribution retirement plans	**16**	6
	271	226

The emoluments of the three (2021: three) individuals with the highest emoluments are within the following bands:

	2022 ***Number of individuals***	2021 *Number of individuals*
Nil to HK$1,000,000	**3**	3

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of the Company of US$2,128,000 (2021: US$2,262,000) and the weighted average of 513,175,401 ordinary shares (2021: 513,175,401 ordinary shares) in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share is the same as basic loss per share for the years ended 31 March 2022 and 2021 as there were no dilutive potential ordinary shares during these years.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *US$'000*	Furniture, fixtures and equipment *US$'000*	Total *US$'000*
Cost:			
At 1 April 2020 and 31 March 2021	32	162	194
Accumulated depreciation			
At 1 April 2020	32	160	192
Charge for the year	–	1	1
At 31 March 2021	32	161	193
Net book value			
At 31 March 2021	–	1	1

	Leasehold improvements ***US$'000***	**Furniture, fixtures and equipment** ***US$'000***	**Total** ***US$'000***
Cost:			
At 1 April 2021	**32**	**162**	**194**
Addition	**–**	**2**	**2**
At 31 March 2022	**32**	**164**	**196**
Accumulated depreciation			
At 1 April 2021	**32**	**161**	**193**
Charge for the year	**–**	**2**	**2**
At 31 March 2022	**32**	**163**	**195**
Net book value			
At 31 March 2022	**–**	**1**	**1**

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	Office premises
	US$'000
Reconciliation of carrying amount — year ended 31 March 2021	
At beginning of the year	252
Depreciation	(195)
At the end of the reporting period	57
Reconciliation of carrying amount — year ended 31 March 2022	
At beginning of the year	**57**
Addition	**585**
Depreciation	**(97)**
Impairment loss	**(545)**
At the end of the reporting period	**–**
At 31 March 2021	
Cost	447
Accumulated depreciation	(390)
	57
At 31 March 2022	
Cost	**1,032**
Accumulated depreciation and impairment	**(1,032)**
	–

	2022	2021
	US$'000	*US$'000*
Lease liabilities		
Current portion	**277**	139
Non-current portion	**256**	–
	533	139

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

Right-of-use assets *(Continued)*

The Group's right-of-use assets in respect of properties represent leases of office premises located in Hong Kong for its daily operations and with lease term of three years. Lease terms are negotiated on an individual basis and contain similar terms and conditions. The lease agreements do not impose any covenants.

The total cash outflow for leases was US$277,000 for the year ended 31 March 2022 (2021: US$247,000).

At 31 March 2022, the weighted average incremental borrowing rate for the lease liabilities of the Group was 5% (2021: 5%) per annum.

Commitments under leases

At 31 March 2022, the Group was committed to US$34,000 (2021: US$67,000) for short-term leases.

13. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

			Proportion of ownership interest		
Name	Place of incorporation and operations	Particulars of issued and paid up share capital	Group's effective interest	Held by subsidiaries	Principal activities
Able Point Corporation Limited	Hong Kong	1,000,000 ordinary shares	100%	100%	Investment holding
Ares Repco Limited	Hong Kong	2,000,000 ordinary shares	100%	100%	Coal and other commodities trading
Ares Asia Resources Pte. Ltd.	Singapore	2,000,000 ordinary shares	100%	100%	Coal and other commodities trading

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Year ended 31 March 2022

14. TRADE AND OTHER RECEIVABLES

	Note	2022 US$'000	2021 US$'000
Trade and bills receivables		14,628	733
Bills receivables discounted with recourse		–	31,124
Total trade and bills receivables	14(a)	14,628	31,857
Other receivables and deposits			
– Due from an Indonesian coal supplier (the "Supplier")	14(c)	–	1,661
– Due from others		107	1,447
		107	3,108
Prepayments			
Prepayments for supply contracts			
– Prepayment A	14(b)	11,064	11,064
– The Supplier	14(c)	–	2,500
Other prepayments		203	5
		11,267	13,569
Less: Impairment of Prepayment A	14(b)	(11,064)	(11,064)
		203	2,505
Total trade and other receivables		14,938	37,470

(a) Trade and bills receivables

Included in "Trade and other receivables" are trade and bills receivables with the following ageing analysis, based on the invoice date (or date of revenue recognition, if earlier), as of the end of the reporting period:

	2022 US$'000	2021 US$'000
Within 1 month	9,585	14,305
More than 1 month but within 3 months	5,043	17,552
More than 3 months but within 6 months	–	–
	14,628	31,857

14. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade and bills receivables *(Continued)*

The credit terms offered to customers of coal and other commodities trading business are negotiated on a case-by-case basis which ranges from 7 to 30 days.

Included in trade and bills receivables of Nil (2021: US$31,124,000) of bills receivables represented irrevocable letters of credit issued by banks, where the sales have been completed and presented the required shipping documents to the banks but pending the bank to settle the receivables before the due dates based on the credit terms given to the customers as stated in the sales agreement. Bills receivables of Nil (2021: US$31,124,000) have been discounted to bank with full recourse as at 31 March 2022.

Information about the Group's exposure to credit risks for trade receivables is included in Note 22(a) to the consolidated financial statements.

(b) Prepayment A

During the year ended 31 March 2014, the Group entered into coal sale and purchase agreements with a marketing agent of two coal miners in Indonesia and made prepayments of US$13,000,000 for the purpose of securing long-term supply of thermal coal from the relevant coal miners. During the year ended 31 March 2015, this original agreement was transformed into a new contract with another agent of the two coal miners in Indonesia. As at 31 March 2016, such prepayments with unutilised amount of US$11,704,000, the directors reassessed the recoverability of the unutilised prepayments based on all relevant information available to the Group. Due to the continuing downturn of coal market, the low demand of coal and minimal utilisation of the prepayments, demand for repayment which were in vain, the directors made a full impairment loss of US$11,704,000 was recognised in the consolidated statement of comprehensive income during the year ended 31 March 2016 in considering that there was significant uncertainty as to the ability of the Group to recover the balance of the prepayments through either utilisation from future purchases or repayment of the prepayments. During the year ended 31 March 2017, unutilised prepayments and other receivables in total of US$640,000 were recovered and recognised in the consolidated statement of comprehensive income during the year ended 31 March 2017.

As at 31 March 2022 and 2021, the amount of US$11,064,000 remained as irrecoverable and the impairment loss made in prior years remained as US$11,064,000. In the opinion of the directors of the Company, the Group will continue to negotiate with these coal miners to seek and consider all of their options to recover the prepayments, whether through supply of coal or otherwise, including potential legal action.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

14. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Prepayment and other receivables arising from the Supplier

Before the year ended 31 March 2021

The Group started to purchase coal from a supplier (the "Supplier") in Indonesia since September 2019. For the first and second purchase contracts signed with the Supplier and prepayments were made to the Supplier for securing the purchase of coal, and these prepayments were fully utilised after two months of the date of the relevant coal purchase contracts.

In December 2019, the Group entered into a third purchase contract with the Supplier with prepayment of US$5,500,000 made, of which the Group intended to sell the coal purchased to three independent customers. Two shipments were made to two customers in February 2020, and prepayment of US$3,044,000 was utilised, and remaining prepayment of US$2,456,000 remained unutilised as of 31 March 2020. In addition, demurrage charges of US$724,000 incurred and was charged to the Group which was to be borne by the Supplier due to heavy rainfall and floods in the Supplier's mine and the loading port. The third shipment to the third customer was canceled due to heavy rainfall and a cancellation and demurrage charges of US$537,000 was charged to the Group which was also to be borne by the Supplier. The total demurrage charges of US$1,261,000 were recorded as other receivables due from the Supplier as of 31 March 2020.

During the year ended 31 March 2021

About the third purchase contract with the Supplier, the Group tried to coordinate shipment with the Supplier for utilising the remaining prepayment of US$2,456,000 in April and May 2020, however, the Supplier was unable to make the shipment of the coal required due to bad weather, flood in the coal mine and Covid-19 pandemic in Indonesia. In this regard, the Supplier agreed to compensate of US$300,000 to the Group. Hence, the other receivables due from the Supplier increased to US$1,561,000. In July 2020, the Group and the Supplier arranged with another shipment and the prepayment of US$1,647,000 was utilised in this shipment and a demurrage charge of US$85,000 was charged and to be borne by the Supplier. The unutilised prepayment from the Supplier decreased to US$809,000 while the other receivables from the Supplier became US$1,647,000.

In October 2020, the Group entered into a fourth purchase contract with the Supplier together with an additional supplier in Indonesia (which is a sub-contractor mining company of the Supplier) and the Supplier acted as a guarantor to guarantee the quality and quantity of the supply of the coal supplied in this contract. Such guarantee services provided by the Supplier was charged of US$268,000 utilised the remaining prepayment due from the Supplier. Accordingly, the unutilised prepayment from Supplier was reduced to US$541,000 while other receivables due from the Supplier remained at US$1,647,000.

In December 2020, the Group entered into a fifth purchase contract with the Supplier, of which there were two shipments arranged by the Supplier and the remaining outstanding prepayment of US$541,000 were fully utilised, while there was an increase of US$14,000 after the netoff impact of outstanding other receivables utilised and charging of demurrage to the Supplier due to these two shipments. The outstanding other receivables due from the Supplier became US$1,661,000.

14. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Prepayment and other receivables arising from the Supplier *(Continued)*

During the year ended 31 March 2021 *(Continued)*

In March 2021, the Group entered into two sales of coal contract with customer A ("Customer A") and customer B ("Customer B"), which made advance payments to the Group of US$1,500,000 and US$1,000,000, respectively. The Group entered into a sixth purchase contract with the Supplier and made a new prepayment of US$2,500,000 (the "New Prepayment") to the Supplier in order to secure the coal supply. No shipment was able to be arranged for this sixth purchase contract as at 31 March 2021 due to further delay in the shipment.

As a result of the above transactions, the New Prepayment of US$2,500,000 and other receivables of US$1,661,000 due from the Supplier (mainly arising from demurrage charges and compensation charged due from the Supplier) as at 31 March 2021.

During the year ended 31 March 2022

In June 2021, only one of the shipments arranged by the Supplier, under the sixth purchase contract took place. In respect of this shipment, prepayment of US$250,000 was utilised from the New Prepayment and the amount of US$1,499,000 was utilised from the other receivables. Following the above shipment in June 2021, the New Prepayment became US$2,250,000 while the other receivables due from the Supplier became US$162,000 as at 30 June 2021.

In July 2021, the management of the Group has started to negotiate with the Supplier, Customer A and Customer B for entering into novation agreements, after considering the following facts which the management considered it is in the best interest of the Group to enter into novation agreements:

- The president director of the Supplier has passed away in July 2021 which created uncertainty regarding the Supplier's status;
- The utilisation of outstanding balances due from the Supplier (through shipments to Customer A and Customer B) remained unforeseeable due to the lockdown in Indonesia because of Covid-19; and
- The willingness of the Supplier and Customer A to enter the novation agreement as they can benefit from building direct business relationship and skip the Group from being the middle-sales in the coal transactions in future.

Customer A requested the Group for a total of US$2,200,000 of demurrage and compensation charges for non-shipment of coal since March 2021; the Group has agreed such charges as the Supplier has agreed bear the whole US$2,200,000 demurrage and compensation charges. In the opinion of the directors of the Company, the reason why the Supplier bearing the charges was the Supplier admitted it had delayed the shipment (due to Covid-19 lockdown and bad weather) which led to such compensation.

Accordingly, the prepayment has remained at US$2,250,000 while the other receivables due from the Supplier has become US$2,362,000 as of July 2021.

14. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Prepayment and other receivables arising from the Supplier *(Continued)*

During the year ended 31 March 2022 *(Continued)*

In September 2021, the Group, the Supplier, Customer A and Customer B entered into novation agreements (the "Novation Agreements"), whereas:

- the outstanding prepayment due from the Supplier of US$2,250,000 and the demurrage and compensation charges of US$2,200,000 payable by the Supplier would be novated to a subsidiary of Customer A ("Customer A's Subsidiary") (i.e. Customer A's Subsidiary replaced the Group as the party in the sixth purchase contract);

- the unutilised advance payment made by Customer A to the Group of US$1,000,000 and the demurrage and compensation charges of US$2,200,000 payable by the Group would be novated to Customer A's Subsidiary (i.e. Customer A's Subsidiary replaced the Group as the seller in the sales contract between the Group and Customer A);

- the unutilised advance payment made by Customer B to the Group of US$1,250,000 would be novated to Customer A's Subsidiary (i.e. Customer A's Subsidiary replaced the Group as the seller in the sales contract between the Group and Customer B); and

- the remaining outstanding other receivables due from the Supplier of US$162,000 was novated to Customer A's Subsidiary.

In connection with the Novation Agreements, the Group obtained a legal opinion dated 12 October 2021 that the Novation Agreements are legally enforceable under Singapore law, and the Group has no more claims, whether accrued or contingent, known or unknown against each other in the parties within the Novation Agreements.

Following the Novation Agreements, only the amount of US$162,000 was remained as other receivables and it has been repaid in March 2022.

15. OTHER CASH FLOW INFORMATION

(a) Cash and bank balances comprise:

	2022 ***US$'000***	2021 *US$'000*
Cash in hand	**8**	8
Cash at banks	**8,773**	9,162
Cash and cash equivalents in the consolidated statement of cash flows	**8,781**	9,170

15. OTHER CASH FLOW INFORMATION *(Continued)*

(b) Pledged bank deposits

At end of the reporting period, the Group's pledged bank deposits amounting to US$900,000 (2021: US$900,000) to banks to secure trade finance facilities granted to a subsidiary for US$3,000,000. The deposits have a maturity period within one year and are therefore classified as current assets. The pledged bank deposits carry average interest rate at 2% per annum above LIBOR. The pledged bank deposits will be released upon the settlement of relevant trade finance facilities.

(c) Reconciliation of liabilities arising from financing activities:

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

	Discounted bills with recourse *US$'000*	Lease liabilities *US$'000*	Total *US$'000*
At 1 April 2020	3,138	377	3,515
Changes from financing cash flows:			
Increase in discounted bills with recourse	111,606	–	111,606
Repayment of discounted bills with recourse	(83,502)	–	(83,502)
Repayment of lease liabilities	–	(234)	(234)
Interest paid	(392)	(13)	(405)
Total changes from financing cash flows	27,712	(247)	27,465
Other change:			
Interest expenses *(see Note 6)*	274	9	283
Total changes	27,986	(238)	27,748
At 31 March 2021	31,124	139	31,263

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Year ended 31 March 2022

15. OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities: *(Continued)*

	Discounted bills with recourse *US$'000*	Lease liabilities *US$'000*	Total *US$'000*
At 1 April 2021	31,124	139	31,263
Changes from financing cash flows:			
Increase in discounted bills with recourse	53,800	–	53,800
Repayment of discounted bills with recourse	(84,924)	–	(84,924)
Repayment of lease liabilities	–	(191)	(191)
Interest paid	(181)	(19)	(200)
Total changes from financing cash flows	(31,305)	(210)	(31,515)
Other changes:			
New lease entered	–	585	585
Interest expenses *(see Note 6)*	181	19	200
Total changes	(31,124)	394	(30,730)
At 31 March 2022	–	533	533

(d) Non-cash transactions

US$4,450,000 of trade and other receivables and, trade and other payables were non-cash transactions which have been novated during the year ended 31 March 2022 as disclosed on note 14(c).

16. TRADE AND OTHER PAYABLES

	Note	2022 *US$'000*	2021 *US$'000*
Trade payables		13,585	–
Other payables and accrued expenses		450	2,171
Other payables for litigation	23	–	484
		14,035	2,655

The trade and other payables are expected to be settled within one year or are repayable on demand.

16. TRADE AND OTHER PAYABLES *(Continued)*

At end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2022 *US$'000*	2021 *US$'000*
Within 1 month	9,549	–
More than 1 month but less than 3 months	4,036	–
	13,585	–

17. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2022 *US$'000*	2021 *US$'000*
At 1 April	2,500	–
Receipt of advances	1,000	2,500
Revenue recognised during the year	(250)	–
Novation arrangement	(2,250)	–
At 31 March	1,000	2,500

The Contract liabilities represented the prepayment received from Customer A and Customer B in March 2021. During the year ended 31 March 2022, US$2,250,000 have been novated under the Novation Agreement as stated in Note 14(c).

18. DISCOUNTED BILLS WITH RECOURSE

There were no bills discounted with banks as at 31 March 2022. The bills discounted with banks at effective interest rates ranging from 0.94% to 1.24% per annum as at 31 March 2021 have maturity profiles of no more than 180 days.

19. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in accordance with the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately. There was no forfeited contribution utilized to offset employers' contributions for the year ended 31 March 2022, and there was no forfeited contribution available to reduce the contribution payable in the future years as at 31 March 2022.

20. CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Share premium account	Contributed surplus	Accumulated losses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 April 2020	662	6,777	15,088	(9,100)	13,427
Loss and total comprehensive loss for the year	–	–	–	(2,251)	(2,251)
At 31 March 2021 and 1 April 2021	662	6,777	15,088	(11,351)	11,176
Loss and total comprehensive loss for the year	–	–	–	(772)	(772)
At 31 March 2022	**662**	**6,777**	**15,088**	**(12,123)**	**10,404**

20. CAPITAL AND RESERVES *(Continued)*

(b) Share capital

	Number of shares	Amount US$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 31 March 2022	36,000,000,000	46,452
Issued and full paid:		
At 1 April 2020, 31 March 2021 and 31 March 2022	513,175,401	662

(c) Nature and purpose of reserves

i. *Share premium account*

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

ii. *Contributed surplus*

Contributed surplus arose from the Group reorganisation in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

20. CAPITAL AND RESERVES *(Continued)*

(d) Distributability of reserves

In addition to retained profits, under the Bermuda Companies Act 1981, the contributed surplus account of the Company is also available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

i. it is, or would after the payment be, unable to pay its liabilities as they become due; or

ii. the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

At 31 March 2022, the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to US$2,965,000 (2021: US$3,737,000).

(e) Dividends

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

(f) Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity. On this basis the amount of capital employed at 31 March 2022 was US$9,052,000 (2021: US$11,180,000).

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group reviews the capital structure on a regular basis and considers the cost of capital and the associated risks. Based on recommendations of the board of directors, the Group will balance its overall capital structure through adjusting the amount of dividends paid to shareholders, new share issues or new debt financing. No changes were made in the objectives, policies or processes during the years ended 31 March 2022 and 2021.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

21. SHARE OPTION SCHEME

At a special general meeting of the Company held on 21 September 2012, the shareholders of the Company approved the adoption of a share option scheme (the "2012 Share Option Scheme"), pursuant to which the directors of the Company may grant options to employees of the Group, including the directors, and any other persons who the directors consider to have contributed to the Group.

The 2012 Share Option Scheme was adopted on 21 September 2012 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The number of share options which may be granted under the 2012 Share Option Scheme shall not exceed 10% of the issued share capital of the Company as at the date of shareholders' approval on 21 September 2012. The maximum number of unexercised share options under the 2012 Share Option Scheme and any other share option schemes shall not exceed 30% of the issued share capital of the Company at any time. The maximum number of options issued to each participant under the 2012 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of options in excess of the limit is subject to the shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The exercise price must be at least the higher of: (a) the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for five business days immediately preceding the date of grant; and (c) the nominal value of the Company's shares.

A nominal consideration of HK$1 is payable by the grantee upon acceptance of an option.

An option may be exercised in accordance with the terms of the 2012 Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee of the option, which period may commence on a day after the date upon which the option is granted but shall and in any event be not later than ten years from the date of grant of the option. The directors may at their sole discretion determine the minimum period for which the option has to be held or other restrictions before the exercise of the option.

There was no outstanding share option under the 2012 Share Option Scheme as at 1 April 2021 and 31 March 2022 respectively.

No share option was granted, exercised, lapsed or cancelled during the years ended 31 March 2022 and 2021.

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and bills receivables. The Group's exposure to credit risk arising from cash and bank balances are limited because the counterparties are banks with a high credit rating, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Trade and bills receivables

In respect of trade and bills receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not obtain collateral in respect of trade and bills receivables. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group also manages the credit risk by arranging the trade and bills receivables to be covered by letters of credit from reputable banks. Credit terms offered by the Group to its customers are set out in Note 14 to the consolidated financial statements.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. The Group considers the exposure to credit risk with respect to trade and bills receivable as at 31 March 2022 and 2021 were not significant as most of them were covered by letters of credit from reputable banks. It is considered the possibility of default is remote. The Group measures loss allowance on financial assets based on the past loss experience, existing market conditions, coverage of credit insurance as well as forward looking information at the end of each reporting period. Having considered those factors, the Group considered that there is no significant loss allowance recognised in accordance with HKFRS 9 as at 31 March 2022 and 2021, and no expected credit loss rate has therefore been disclosed.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance (if any). The Group does not provide any guarantees which would expose the Group to credit risk. The Group has concentration of credit risk as 66% (2021: 39%) and 100% (2021: 98%) of the total trade and bills receivables was due from the Group largest customer and the five largest customers respectively.

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade and bills receivables *(Continued)*

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The aging analysis of trade and bills receivables that were not considered to be impaired was as follows:

	2022	2021
	US$'000	*US$'000*
Neither past due nor impaired	**14,628**	31,857

Pledged bank deposits/bank balances

Credit risk on pledged bank deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings. The 12m ECL on pledged bank deposits/bank balances is considered to be insignificant and therefore no loss allowance was recognised.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2022 and 2021, the Group assessed the ECL for other receivables are insignificant and thus no loss allowance is recognised.

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowing exceeds certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. At 31 March 2022, the Group has unutilised banking facilities of US$3,000,000 (2021: US$63,876,000).

The maturity profile of the Group's non-derivatives financial liabilities at the end of the reporting period, based on contractual undiscounted cash flows (including interest payments based on rates at end of the reporting period) are summarised below:

	On demand or within 1 year	1 to 2 years	Total contractual undiscounted payments	Total carrying amount
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 31 March 2022				
Trade and other payables	**14,035**	**–**	**14,035**	**14,035**
Lease liabilities	**277**	**301**	**578**	**533**
	14,312	**301**	**14,613**	**14,568**
As at 31 March 2021				
Trade and other payables	2,655	–	2,655	2,655
Discounted bills with recourse	31,124	–	31,124	31,124
Lease liabilities	149	–	149	139
	33,928	–	33,928	33,918

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(c) Interest rate risk

The Group has no significant exposure to interest rate risk.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars ("HKD"). The Group considers the risk of movements in exchange rates between the HKD and the US$ to be insignificant as the HKD is pegged to the USD.

(e) Fair value measurement

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2022 and 2021 because of the immediate or short-term maturity of the financial instruments.

23. LITIGATION

At 31 March 2020, the Group was involved in a legal claim relating to the disposal of certain former subsidiaries the operation of which was discontinued.

The Group ceased the operation of its footwear business in January 2013. Further, as disclosed in the Company's announcement dated 26 February 2014, the Company entered into a sale and purchase agreement (the "Agreement") with Landway Investments Limited ("Landway"), a company wholly owned by a director of Brave Win Industries Limited ("Brave Win") to dispose of (i) 1 share of Brave Win, representing 0.0000033% of the total issued share capital of Brave Win; (ii) the 1,000 shares of China Compass Investments Limited ("China Compass"), representing the entire issued share capital of China Compass; and (iii) the unsecured and interest-free shareholder's loan in the principal amount of approximately US$1,579,000 owed by China Compass to the Company, at a consideration of US$3,200,000 (the "Disposal"). The Disposal was completed on 10 April 2014. The directors reviewed the representations and warranties provided by the Company to Landway as set out in the Agreement and based on the review and professional advice obtained, it was considered that there was no breach of any of the representations and warranties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

23. LITIGATION *(Continued)*

On 23 March 2016, Landway filed a claim against the Company, which alleged that a former director of the Company made certain misrepresentations in relation to the Disposal and filed a claim of US$700,000 plus interest against the Company in the High Court of Hong Kong. The amount was disclosed as "Contingent Liabilities" in the consolidated financial statements since the year ended 31 March 2016.

The trial of the action took place before the Court of First Instance of the High Court of Hong Kong in December 2020. On 25 February 2021, the Court of First Instance handed down a judgment in favour of Landway and awarded damages in the sum of US$700,000 (the "Claimed Amounts") at the time of payment to Landway (the "Judgment"). The Company was also ordered to pay Landway's costs of the action (the "Landway's Costs") of approximately US$484,000 (equivalent to HK$3,750,000).

After seeking legal advice and considering the costs and benefits of pursuing an appeal, the directors of the Company have determined that the Company will not appeal against the Judgment in favour of Landway. The Group recognised aggregate approximately US$1,390,000, representing the Claimed Amounts, the Landway's Costs and the related legal expenses incurred, as litigation expenses in the consolidated statement of comprehensive income for the year ended 31 March 2021. The Claimed Amounts has been paid to Landway during the year ended 31 March 2021; while the Landway's Costs has been included in "trade and other payables" (Note 16) as at 31 March 2021 and has been settled during the year ended 31 March 2022.

24. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group enters into the following related parties transactions during the year.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors disclosed in Note 8 to the consolidated financial statements is as follows:

	2022	2021
	US$'000	*US$'000*
Salaries and other short-term employee benefits	**282**	203
Retirement scheme contributions	**2**	2
	284	205

Total remuneration is disclosed in "staff costs" (see Note 6(b)).

24. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transaction with a fellow subsidiary

	2022	2021
	US$'000	*US$'000*
Repayment of lease liabilities and interest on lease liabilities	**210**	89
Building management fee and utility charges	**33**	32

For the year ended 31 March 2022, the Group committed to repay lease liabilities and interest on lease liabilities of US$297,000 (2021: US$212,000), of which US$87,000 (2021: US$123,000) have not been paid.

(c) Connected transaction

The related party transaction in respect of Note 24(b) to the consolidated financial statements constitutes continuing connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Continuing connected transaction" of the Reports of the directors.

25. PLEDGE OF ASSETS

At the end of the reporting period, the Group's bank facilities in relation to the letter of credit issued to suppliers were secured by the pledged bank deposits.

In addition, bills receivable discounted with full recourse amounting to Nil (2021: US$31,124,000).

26. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong (the "MPF Scheme"). The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees. The total cost charged to profit or loss of US$ 15,000 (2021: US$15,000) represents contributions payable to these schemes by the Group in respect of the year ended 31 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2022**	2021
		US$'000	*US$'000*
Non-current assets			
Investments in subsidiaries		**–**	–
Amounts due from subsidiaries		**10,802**	11,784
		10,802	11,784
Current assets			
Prepayments and other receivables		**17**	4
Cash and cash equivalents		**25**	28
		42	32
Current liabilities			
Other payables and accrued expenses		**173**	589
Amounts due to subsidiaries		**267**	51
		440	640
Net current liabilities		**(398)**	(608)
Net assets		**10,404**	11,176
Capital and reserves			
Share capital	*20*	**662**	662
Reserves	*20*	**9,742**	10,514
Total equity		**10,404**	11,176

This statement of financial position was approved and authorised for issue by the Board of Directors on 28 September 2022 and signed on its behalf by

LAI Yi-Chun
Director

LUO Xiao
Director

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2022

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2022 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the 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 and related amendments to Hong Kong Interpretation 5 (2020)[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 Improvements to HKFRSs 2018–2020[1]
Accounting Guideline 5 (Revised)	Merger accounting for common control combination[4]

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
4 Effective for common control combinations that occur on or after beginning of the first annual period on or after 1 January 2022

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRSs. So far the management is of the opinion that the adoption of the new/revised HKFRSs will not have any significant impact on the consolidated financial statements.

FINANCIAL SUMMARY

Year ended 31 March 2022

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2022	2021	2020	2019	2018
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	**101,556**	117,506	99,873	198,348	198,669
Loss before taxation	**(2,128)**	(2,262)	(689)	(1,476)	(2,478)
Income tax	**–**	–	–	–	–
Loss for the year attributable to shareholders	**(2,128)**	(2,262)	(689)	(1,476)	(2,478)

ASSETS AND LIABILITIES

	At 31 March				
	2022	2021	2020	2019	2018
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total assets	**24,620**	47,598	29,978	26,127	67,483
Total liabilities	**(15,568)**	(36,418)	(16,536)	(18,823)	(58,703)
	9,052	11,180	13,442	7,304	8,780