Great Harvest Maeta Holdings Limited
榮豐億控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock code: 3683

Annual Report 2023

CONTENTS

GLOSSARY

"2011 Share Option Scheme"	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 19 August 2011 and expired on 18 August 2021
"2021 Share Option Scheme"	the share option scheme of the Company approved and adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company held on 18 August 2021
"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and was owned as to 51% by Mr. Yan and 49% by Ms. Lam, and is the controlling shareholder of the Company (as defined under the Listing Rules)
"AGM"	the forthcoming annual general meeting of the Company
"All Ages"	All Ages Holdings Limited (萬年控股有限公司), a company incorporated in the BVI on 1 November 2011 and was owned as to 50% by Ms. Lam and as to 50% by Mr. Yan Yui Ham, the son of Mr. Yan and Ms. Lam
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Baltic Dry Index" or "BDI"	an index of the daily average of international shipping prices of various dry bulk cargoes made up of 20 key dry bulk routes published by the Baltic Exchange in London
"Baltic Panamax Index" or "BPI"	an index of the shipping prices of panamax vessels made up of four daily panamax vessel assessments of time charter rates published by the Baltic Exchange in London
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules
"Company"	Great Harvest Maeta Holdings Limited (榮豐億控股有限公司), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability

GLOSSARY

"Daily TCE"	an acronym for daily time charter equivalent, a standard industry measurement of the average daily revenue performance of a vessel. Daily TCE is calculated by dividing the voyage revenues (net of expenses such as port, canal and bunker costs) by the available days (being the number of days that the vessel was operated by the Group during the charter period minus days without charter hire due to repair and maintenance and between two charter periods and days agreed with the charterers due to the speed claims or any other reasonable claims arising from the under-performance of the vessel) for the relevant time period
"Director(s)"	director(s) of the Company
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
"EBITDA"	earnings before interest, taxes, depreciation and amortisation, computed to exclude reversal of impairment losses on property, plant and equipment or impairment loss on property, plant and equipment
"GH GLORY/ HARMONY Loan"	a term loan for the principal amount of US$14.75 million for the refinancing of the Group's bank borrowings in relation to two vessels owned by the Group, namely GH GLORY and GH HARMONY. The principal amount shall be repayable by quarterly instalments commencing 30 June 2021
"GH POWER Loan"	a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely GH POWER. The principal amount shall be repaid by 14 quarterly instalments commencing three months from 11 April 2019 and has been fully repaid on 10 October 2022
"Group"	the Company and its subsidiaries
"Hainan Land"	two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC
"HK$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market operated by the Stock Exchange, which excludes the GEM of the Stock Exchange and the options market

GLOSSARY

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Yan"	Mr. YAN Kim Po (殷劍波先生), the husband of Ms. Lam
"Ms. Lam"	Ms. LAM Kwan (林群女士), the chairperson of the Board, the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China which, for the purposes of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Sfund"	Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong on 11 August 2015, which is the holder of the Top Build Convertible Bonds
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Top Build"	Top Build Group Ltd. (高建集團有限公司), a company incorporated in the BVI on 24 October 2014 and a wholly-owned subsidiary of the Company

GLOSSARY

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

* *for identification purpose only*

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. YAN Kim Po (殷劍波) *(Joint Chairperson)*
(resigned on 16 January 2023)
Ms. LAM Kwan (林群) *(Chairperson and Chief Executive Officer)*
Mr. PAN Zhongshan (潘忠善)
(appointed on 28 April 2023)
Ms. ZHAO Lihong (趙曆宏)
(appointed on 3 November 2022 and resigned on 28 April 2023)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Dr. CHAN Chung Bun Bunny (陳振彬)
Ms. WONG Tsui Yue Lucy (黃翠瑜)
(appointed on 30 September 2022)
Mr. WAI Kwok Hung (韋國洪)
(retired on 30 September 2022)

Audit Committee

Mr. CHEUNG Kwan Hung (張鈞鴻)
(Chairperson of Audit Committee)
Dr. CHAN Chung Bun Bunny (陳振彬)
Ms. WONG Tsui Yue Lucy (黃翠瑜)

Remuneration Committee

Dr. CHAN Chung Bun Bunny (陳振彬)
(Chairperson of Remuneration Committee)
Ms. LAM Kwan (林群)
(appointed on 16 January 2023)
Mr. CHEUNG Kwan Hung (張鈞鴻)

Nomination Committee

Ms. LAM Kwan (林群)
(appointed on 16 January 2023)
(Chairperson of Nomination Committee)
Dr. CHAN Chung Bun Bunny (陳振彬)
Ms. WONG Tsui Yue Lucy (黃翠瑜)

Company secretary

Mr. SZE Wing Kin Pierre (施永健)
(appointed on 30 December 2022)
Mr. WONG Kwok Keung (黃國強)
(resigned on 30 December 2022)

Authorised representatives

Ms. LAM Kwan (林群)
Mr. SZE Wing Kin Pierre (施永健)
(appointed on 30 December 2022)
Mr. YAN Kim Po (殷劍波)
(resigned on 16 January 2023)
Mr. WONG Kwok Keung (黃國強)
(resigned on 30 December 2022)

Registered office

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

Headquarters and principal place of business in Hong Kong

12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Principal share registrar and transfer office in the Cayman Islands

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

Hong Kong share registrar and transfer office

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

Independent auditor

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

Legal adviser as to Hong Kong law

Chiu & Partners

Principal bankers

Macquarie Bank Limited, London Branch
DBS Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited

Stock code

3683

Website address

www.greatharvestmg.com

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

FIVE-YEAR FINANCIAL SUMMARY

	2023 US$'000	2022 US$'000	2021 US$'000	2020 US$'000	2019 US$'000
Revenue	**18,233**	21,562	12,454	12,225	16,402
Gross profit	**2,046**	10,574	1,147	1,799	6,703
(Loss)/profit attributable to owners of the Company	**(17,093)**	24,722	(3,258)	(10,209)	10,090
EBITDA	**8,865**	12,314	4,529	6,666	6,161
(Loss)/earnings per share attributable to owners of the Company					
– Basic	**(US1.79 cents)**	US2.60 cents	(US0.34 cents)	(US1.07 cents)	US1.07 cents
– Diluted	**(US1.79 cents)**	US1.92 cents	(US0.34 cents)	(US1.07 cents)	US1.06 cents
Assets and liabilities					
Total assets	**132,992**	153,731	131,030	123,591	134,007
Total liabilities	**(102,255)**	(101,995)	(105,730)	(98,707)	(96,906)
Net assets	**30,737**	51,736	25,300	24,884	37,101

CHAIRPERSON'S STATEMENT

Dear Shareholders,

In 2022, the dry bulk shipping market, breaking from the normal, was characterized by gradual decline from a high level at the beginning. In the first half of the year, the Russia-Ukraine conflict led to global supply chain chaos and trade pattern restructuring, resulting in a surge in market demand, while in the second half of the year, demand of the dry bulk shipping market gradually declined due to the resurgence of COVID-19 pandemic in China. By the end of 2022, the capacity of the global dry bulk shipping market reached 972 million dwt, representing an increase of 2.8% as compare to 2021. Due to the easing of international ports congestion and the fact that the growth rate of vessel demand is lower than the growth rate of capacity, there is an overall surplus of dry bulk capacity and a decline in the global dry bulk vessel freight rates.

In the past year, the Group's fleet remained unchanged with an average age of 17 years and a size of 319,923 dwt. Under the relatively volatile market conditions, the Group maintained its proactive and prudent operating strategies with a fleet occupancy rate of approximately 95.91% and a total of 1,400 days of occupancy across all of its 4 vessels throughout the year. Average daily charter rate per vessel was approximately US$13,160 per day and the recovery rate of charter hire was close to 100%.

Looking forward to the coming year, the growth of international dry bulk shipping volume is expected to slow down in 2023. Among which, the shipping volume of iron ore is relatively stable, while the growth rate of coal and foodstuffs shipping volume will increase. Dry bulk shipping volume will continue to grow slowly, but congestion in international ports is likely to improve further. The market is cautiously optimistic as there is excess shipping capacity in the market in general. Inflationary pressure, geopolitical risks and COVID-19 pandemic will still bring downside risks to the global economy, and there is still some uncertainty in the market.

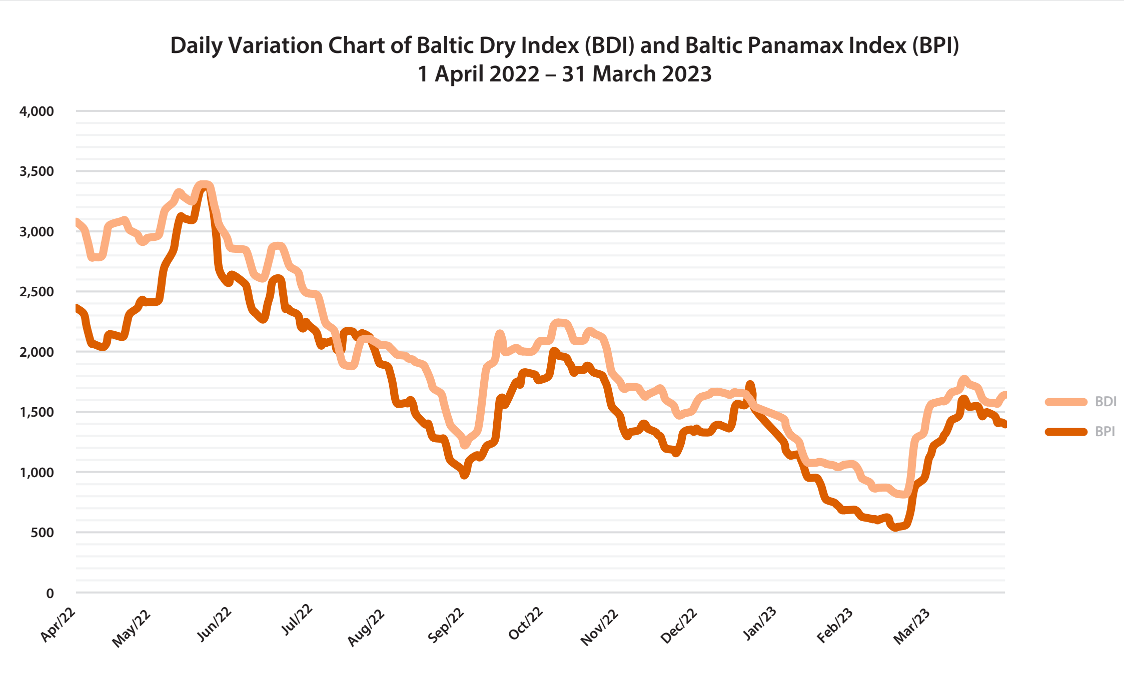
Given the market condition and operating environment, the Group will maintain its prudent operating strategies by enhancing the daily management of vessels, providing better transportation services to its customers, generating more operational income for the Group and strictly controlling its operating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

LAM Kwan
Chairperson

29 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review



In 2022, the international dry bulk shipping market experienced "weakening demand, improving supply and falling freight rates" due to the intensified downward pressure on the European and U.S. economies, the weakening global trade, the impact of COVID-19 pandemic, the Russia-Ukraine conflict and the extreme weather. The general dry bulk shipping rates continued the downturn trend which started from October 2021. In terms of the general level of dry bulk freight rate, the annual average value of BDI was 1,934, representing a decrease of 35.98% as compared to 2021.

At the beginning of 2022, the BDI experienced temporary downturn under the influence of Indonesia's coal export restriction and insufficient downstream demand for iron ore. Subsequently, under the seasonal recovery of the market, the BDI rose sharply and reached its highest point in the year of 3,369 on 23 May 2022 due to factors such as the rise in crude oil prices and the release of Indonesia's coal export restriction. During the period from June to August 2022, the downside risk of European and U.S. economies increased, along with the falling of crude oil prices, and the weakening demand for coal and iron ore shipping resulted in a downward pressure on the BDI to drag it to the lowest point in the year of 965. At the same time, the new season of North American grain shipments started in September, and freight prices gradually recovered. In the fourth quarter, extreme dry weather interfered with the exports of major grain-producing countries, and domestic demand for coal and iron ore imports did not improve, resulting in a drop in shipping rates again. BDI of 1,515 was recorded at the end of 2022, which recovered to the pre-pandemic level for the corresponding period.

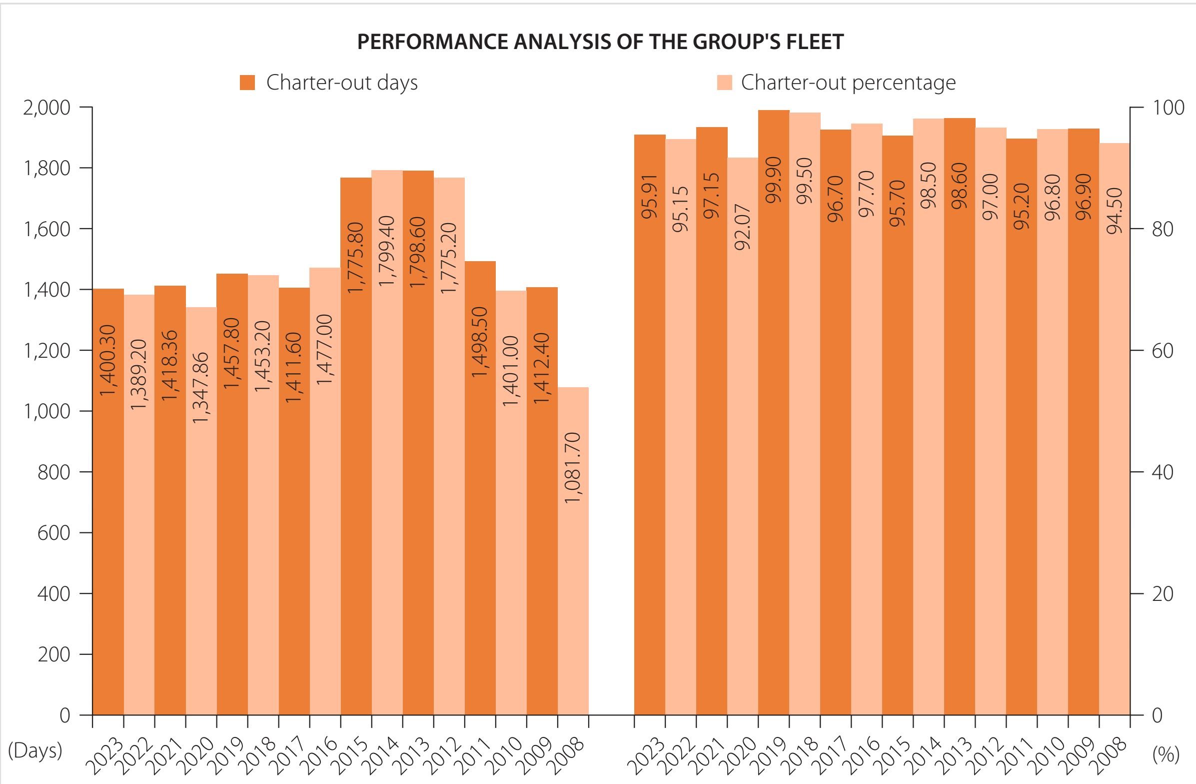
At the same time, the total volume of international dry bulk shipping contracted. In 2022, global dry bulk shipping volume was 5.252 billion tons in total, representing a year-on-year decrease of 2.7%.

MANAGEMENT DISCUSSION AND ANALYSIS

Dry bulk freight prices fell at the beginning of first quarter of 2023, a continuation of the seasonal downward trend which started in the fourth quarter of 2022. However, due to the optimistic expectations of China's economic recovery, dry bulk freight rates are expected to gradually increase.

In respect of shipping supply, global capacity is gradually increasing. In December 2022, there were 13,113 dry bulk shipping vessels globally, with a total shipping capacity of 972 million dwt, representing an increase of 2.86% in capacity compared to the same period last year, which is lower than the average growth level of approximately 3.68% in the past three years.

Business Review



The Group's vessels were in sound operation from 1 April 2022 to 31 March 2023. Currently, the fleet has a size of 319,923 dwt and an average age of 17 years, and maintained a relatively high operating rate with an average vessel charter-out percentage of 95.91% for the year. In view of the weakening global trade, the impact of COVID-19 pandemic, the Russia-Ukraine conflict and the extreme weather, the international dry bulk shipping market experienced "weakening demand, improving supply and falling freight rates". As such, the average daily charter hire income of each vessel in the fleet was US$13,160 per day, which is US$2,036 or 13.39% lower as compared to last year.

In view of a good track record of safe operation with no adverse incident and limited downtime, the fleet managed to maintain a relatively high operating rate during the year. Meanwhile, plans and arrangements for dock repair have been duly made to minimise repair time. One vessel was under dock repair in shipyards for 31 days during the year. As the COVID-19 pandemic continued to wreak havoc around the world, the Company had made its efforts to minimise the actual loss during the year. All freight rates and charter hires were basically received in full without any huge amounts of account receivables. The Group was able to exert stringent control over costs and expenses in the management of its fleet and strived to minimise voyage expenses. Thus the management expenses of its vessels were basically within budget. Nevertheless, the time and costs of arranging crew change rose to a certain extent as a result of the difficulties caused by the COVID-19 pandemic.

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

Market Outlook

In 2022, the global economy was hit hard by a series of sever interrelated factors, including the COVID-19 pandemic, the Russo-Ukrainian War and the resulting food and energy crises, soaring inflation, tightening debt and the climate emergencies. The sluggish growth of developed economies such as the United States and the European Union resulted the adverse impact on other economies around the world. The process of economic recovery in China was delayed by the repeated blockades related to the COVID-19 pandemic and the long-term pressure on the real estate market.

Against the above-mentioned backdrop, the growth rate of global economy is expected to decrease to 1.9% in 2023. However, the decrease will depend on the speed and sequence of the ongoing currency tightening, the course and consequences of the Russo-Ukrainian War, and the possibility of further disruptions in the supply chain.

According to the market forecast, dry bulk shipping demand will reach 5,328 million tons in 2023, representing a significant recovery of year-on-year increase of 1.4% as compare to the negative growth of 2.7% in 2022. Among them, iron ore and small bulk commodity shipping demand will maintain a stable growth, while coal and grain trade are expected to return to normal growth levels from a declining base in 2022. With the further release of the prevention and control of the global COVID-19 pandemic, the efficiency of ship operation will be significantly improved and the effective supply of capacity will increase.

China's iron ore imports are stable, the output of the four major mines presents a steady rise, India's tariff adjustment boosts exports, global crude steel production is expected to recover slightly in 2023, the output of major mines presents a steady rise, and the global iron ore freight volume is expected to be 1,493 million tons, representing a year-on-year increase of 0.6%.

Global coal import demand will continue to grow, with global coal shipment volume expected to return to positive growth in 2023, at 1,250 million tons, representing an increase of 2.1% compare to the corresponding period. China's grain imports remain stable, Brazil's soybean exports expanded, and grain trade of the Black Sea recovered, with global grain shipping volume expected to be 531 million tons, representing an increase of 5.1% compare to the corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall, the international dry bulk shipping market will be slightly weaker in 2023 than that in 2022, with an estimated average BDI of 1,600 to 1,800 in 2023.

In respect of supply of dry bulk shipping capacity in 2023, the current orders of international dry bulk vessels are about 68 million dwt in total, accounting for 7.2% of the existing capacity, which is at a record low. According to the current orders, it is estimated that the global dry bulk shipping capacity will reach 988 million tons by the end of 2023, representing an increase of 1.8% compare to the corresponding period, with a growth rate of about 0.5% lower than that in 2022.

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

Since May 2016, Top Build, a direct wholly-owned subsidiary of the Company, has held, indirectly through its subsidiaries, 91% equity interest in a company in the PRC which holds the Hainan Land. The Hainan Land has a site area of 132,880.56 sq.m. In accordance with the development positioning and policy direction of Hainan Free Trade Port, the Group plans to develop the project into a "cultural and tourism real estate" project to share the benefit of department of Hainan Free Trade Port, for the development of villas, high/low density apartments, and integrated business offices with an area of approximately 130,000 square meters. At present, the Group companies are negotiating strategic cooperation with two world's top 500 companies and are actively coordinating with the government and relevant departments to adjust the planning of the area where the project is located. Construction of Phase I at Huanhu Road in the area where the project is located has commenced. The project will enter the formal construction stage after the government completes the planning adjustment of the area where the project is located.

Since the announcement of the construction of Hainan Free Trade Port in 2018, especially since the promulgation of the General Plan for the Construction of Hainan Free Trade Port (《海南自貿港建設總體方案》) and the Law on Hainan Free Trade Port (《海南自貿港法》), Hainan Province, with its world-class open standards, hopes to make Hainan Free Trade Port a symbol of China's openness to the world. Hainan Province has implemented a strategic framework of "One Guideline, Three Foundations, Four Positioning and Eight Pillars (一本三基四梁八柱)", with the aim of building two headquarters bases and three centers for the national strategic industries such as aerospace, deep sea, Nanfan, to bring in the world's top 500 companies and the top 100 domestic companies, especially a large number of central enterprises to set up regional headquarters, which has given a strong impetus to the construction of Hainan Free Trade Port. At the same time, Hainan took the lead in setting up a business environment construction department, constantly optimizing the business environment, speeding up institutional innovation and the implementation of various free trade port policies, which led to the exponential growth of various market players. The construction of Hainan Free Trade Port has taken on a booming momentum. In particular, since the abatement of COVID-19 pandemic in second half of 2022, Hainan Province, in conjunction with the actual construction of the free trade port, has implemented a series of national policies and measures to stabilize the economy and promote high-quality development, so that Hainan's economy has quickly achieved a stable and positive growth. From January to March 2023, Hainan's GDP reached RMB177.596 billion, a cumulative increase of 6.8% as compare to the corresponding period; from January to March 2023, Hainan's total imports and exports of goods amounted to RMB57.744 billion, a cumulative increase of 32.5% as compare to the corresponding period. The growth rate is among the highest across the country.

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2023 is a crucial year for the commence operation of Hainan Free Trade Port. In order to fulfill the necessary conditions for the commencement of border closure procedures in 2023 and the full realization of border closure operation in 2024, Hainan Province is accelerating the construction of 136 border closure projects, the projects are progressing smoothly, which will be fully completed by the end of 2023. In addition, Hainan is accelerating the construction of major infrastructure facilities, Hainan Island Tourism Highway, reflecting the style of Hainan, will be completed and opened to traffic at the end of June 2023, Zhanjiang-Haikou High-speed Rail linking the Great Bay Area will start construction in 2023, Hainan middle high-speed railway and Haikou second bypass expressway and other major infrastructure projects are also working on the preliminary work. In particular, the Haikou second bypass expressway will be constructed soon, which will greatly improve the traffic conditions of this project.

In terms of the real estate business, since 2022, in order to put an end to the pillar position of the real estate industry and stop over-reliance on the industry, Hainan Province has still adhered to the principle that "houses are for living in, not for speculation", strictly controlled the land supply for commercial housing, vigorously developed industrial real estate and affordable commercial residential property, continuously optimised the structure of the real estate industry, and promoted the healthy development of the real estate industry. To revitalize stock land and solve matching problems between projects and land, so that the projects may be started when the land is secured, Hainan established the first land supermarket in the country, and promote the implementation of the standard land model. This year, in order to intensify its efforts on attracting investments, Hainan has adopted the "land supermarket + project" model to attract investments from Hong Kong, Singapore, Beijing, Shanghai, Guangzhou, Chengdu, Chongqing, Xi'an, Hangzhou and other places for several times, which attracted the extensive attention of domestic and foreign investors. Since the establishment of the land supermarket by Hainan in April 2022, a total of 676 parcels of land have hit shelves, among which 314 parcels of land with a total area of 15,800 mu were sold at a total transaction price of RMB31.72 billion, which provided land for the implementation of a large number of industrial projects.

In order to promote the healthy development of the real estate industry in Hainan Province, and especially to resolve the real estate market risk, China has introduced a series of policies and measures to stabilise home prices, land premiums and market sentiment, and ensure property delivery and people's livelihood. Hainan has also further optimised real estate regulation measures, including the relaxation of record price for commercial housing, lowering the down payment ratio and mortgage rates, transfer of second-handed housing with mortgage loans and reducing the saleable area of commercial housing. Currently, the real estate markets in Hainan Province and Haikou City are showing a trend of stability and improvement with an optimising structure in general. The commercial housing market sees steady rise in prices and developers' reluctance to sell due to the short supply of commercial housing resulting from the strict control of land supply for commercial housing by the government. At present, the record prices for commercial housing in Haikou City generally range from RMB20,000 to RMB22,000/square meters while some record prices may be higher at around RMB25,000 to RMB28,000/square meters; there are not fewer in non-commercial residential properties such as office buildings and serviced apartments, however, the transaction prices remain stable at RMB18,000 to RMB23,000/square meters, with a high of RMB30,000/square meters. According to a research in the area where the Hainan Land is located, the sales prices of commercial residential properties and non-commercial residential properties in the area are close with transaction prices ranging from approximately RMB14,000 to RMB16,000/square meters. After the construction on the Hainan Land is officially commenced upon the completion of the adjustment of area planning, the Group's project will see a significant increase in sales price resulting from the improvement of surrounding environment.

Currently, despite adjustment to and control over the real estate industry in the PRC, in view of the unique natural resources and favourable policies in Hainan Province, coupled with the demands from vast markets across the country in relation to investment in Hainan, real estate supply will continue to be in a shortage in the coming five years.

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

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

Financial Review

Revenue

The dry bulk shipping market iterated under the post-epidemic economic ambience and the impact of Russia-Ukraine conflict. The Group's income unavoidably followed the fluctuation and recorded a decrease of revenue from about US$21.6 million for the year ended 31 March 2022 to about US$18.2 million for the year ended 31 March 2023 representing a decrease of about 15.4%. As disclosed in profit warning announcement of the Company dated 23 June 2023, the decrease in revenue was due to drop in average daily charter hire income of the Group's fleet. The average daily charter hire income of the Group's fleet decreased from approximately US$15,194 for the year ended 31 March 2022 to approximately US$13,160 for the year ended 31 March 2023. During the year ended 31 March 2023, one of the Group's vessels had completed dry dock maintenance (for the year ended 31 March 2022: 2 vessels).

Cost of services

Cost of services of the Group increased from about US$11.0 million for the year ended 31 March 2022 to about US$16.2 million for the year ended 31 March 2023, representing an increase of approximately 47.3%. As disclosed in profit warning announcement of the Company dated 23 June 2023, fuel cost credit (reflecting marked-to-market gain in bunker inventory price) decreased; and depreciation of vessels increased by around US$2.3 million after the reversal of impairment loss recorded in the year ended 31 March 2022. In addition, the cost of ship operation has increased visibly, among which the cost of crew salaries and allowances has increased by about US$1.0 million, and other management costs have also increased by about US$0.3 million. The Group has changed ship manager during the year and incurred extra cost of around US$0.4 million at management and staff changeover. The Group expects a more effective cost control with the new ship manager.

Gross profit

The Group recorded a gross profit of about US$2.0 million for the year ended 31 March 2023 as compared to about US$10.6 million for the year ended 31 March 2022 while the gross profit margin decreased from approximately 49.0% for the year ended 31 March 2022 to approximately 11.2% for the year ended 31 March 2023. The significant drop in gross profit was due to the decrease in revenue and increase in depreciation of vessels, and other direct operating costs.

General and administrative expenses

General and administrative expenses of the Group increased slightly from approximately US$2.7 million for the year ended 31 March 2022 to approximately US$2.8 million for the year ended 31 March 2023, representing an increase of approximately 2.7%. The variation of administrative expense were due to the increase in staff cost and legal and professional fee but off-set by decrease in rental expenses due to recognition of operating lease as right-of-use assets and the Group's continued stringent expenditure control.

Provision for impairment losses on property, plant and equipment

The Group principally engages in chartering of dry bulk vessels and the Group's fleet has four vessels with carrying capacity of 319,923 dwt and an average age of 17 years. The Group maintained a fleet occupancy rate of approximately 95.91% for the year ended 31 March 2023.

The Group's management regards each individual vessel as a separate identifiable cash-generating unit ("**CGU**").

As at 31 March 2023, the Group reviewed the carrying amounts of its property, plant and equipment (including the four vessels) to determine whether there is any indication that those assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

During the year ended 31 March 2023, dry bulk charter rates dropped significantly compare with last year and due to this unfavorable market condition, an indication of impairment on the vessels is identified. The Group estimated the recoverable value, representing the greater of the vessels' fair value less cost to disposal ("FVLCTD") or its value in use ("VIU") and internal and external sources of information are considered in the estimation assessment.

Impairment Assessment:

VIU: The VIU of the vessels is assessed based on management's assumptions and estimates of vessels' future earnings and appropriate pre-tax discount rates to derive the present value of those earnings. The Group usually enters charter hire contracts for periods of 3 to 6 months in the spot market. The discount rates used to the VIU calculation on owned vessels was 9.10% (31 March 2022: 9.62%), which are based on the industry sector risk premium relevant to the CGUs and the applicable gearing ratio of the CGUs.

FVLCTD: As at 31 March 2023, the aggregate FVLCTD of the vessels amounted to US$55,174,000. The fair value is based on valuations performed by a leading international company specialised in vessels valuation.

The fair value of the vessels was an estimate of fair market price based on the price the valuer estimates as its opinion in good faith that the vessels would obtain in a hypothetical transaction between a willing buyer and a willing seller on the basis of prompt charter free delivery at an acceptable worldwide delivery port, for cash payment on standard sale terms.

The fair value of the vessels were primarily determined based on the direct comparison method with reference to recent sales of comparable vessels. In particular, the vessel's market value is estimated using five factors:

– Type: Each vessel type is modelled independently.

– Features: Relative scores are assigned to all features recorded in the vessel database.

– Age and Cargo Capacity: The nonlinear dependences of value on age and cargo capacity are modelled using mathematical functions with adjustable parameters which allow them to assume a variety of shapes. Constraints are imposed on these parameters by application of economic principles and broking expertise.

– Freight Earnings: Time charters, spot freight rates and forward freight agreements are used to create indicators of freight market sentiment for each vessel type. Signal processing techniques are applied to these indicators to maximise their correlation with vessel values.

The market approach was consistently adopted in both year ended 31 March 2022 and 2023. There were no subsequent changes in the valuation method used.

As at 31 March 2023, the aggregate recoverable amounts of vessels amounting to US$55,174,000, which were determined by FVLCTD. Since the recoverable amounts of each of the four vessels were lower than their respective carrying amounts, the carrying amount of the vessels is reduced to its recoverable amount, and impairment losses of US$8,218,000 was recognised in the consolidated statement of comprehensive income of the Group for the year ended 31 March 2023. Such impairment loss is non-cash in nature and does not have impact on the operating cash flows of the Group.

Finance costs

Finance costs of the Group increased from about US$2.3 million for the year ended 31 March 2022 to about US$10.9 million for the year ended 31 March 2023, representing an increase of 372.5%. At the date of entering into the Supplemental Settlement Agreement (as defined below), the carrying value of Top Build Convertible Bonds was reassessed based on the terms of the agreement. The interest expenses arose from the amortization of the Top Build Convertible Bonds increased by US$2.7 million as compared to last year. As disclosed in the inside information announcement dated 31 March 2023, the Company has not repaid to the Bondholder (as defined below) the fourth quarterly instalment of US$500,000 due on 31 March 2023. The Company and the Bondholder have made further arrangements in relation to the settlement of the unpaid instalment and the US$500,000 was fully repaid in 3 instalments on and before 15 June 2023. However, other finance charge of about US$4.1 million and additional finance cost due to the deferred repayment about US$2.1 million was triggered and accrued at 31 March 2023, giving rise to the provision for additional finance costs of approximately US$6.2 million made for the year ended 31 March 2023 as stated in the update on profit warning announcement dated 28 June 2023.

(Loss)/profit for the year

The Group incurrred loss for the year of approximately US$17.1 million for the year ended 31 March 2023 as compared with the profit for the year of approximately US$24.7 million for the year ended 31 March 2022. As disclosed in the profit warning announcement of the Company dated 23 June 2023 and in the update on profit warning announcement dated 28 June 2023, the net loss for the year primarily resulted from the following factors:

(i) provision for impairment losses on property, plant and equipment of approximately US$8.2 million was recognized for the year ended 31 March 2023 resulted from the decrease in fair value of vessels owned by the Group as at 31 March 2023 as compared to the recognition of reversal of impairment losses on property, plant and equipment of approximately US$19.2 million for the year ended 31 March 2022;

(ii) decrease in revenue due to drop in average daily charter hire income of the Group's fleet;

(iii) cost of services: fuel cost credit (reflecting marked-to-market gain in bunker inventory price) decreased;

(iv) cost of services: depreciation of vessels increased after the reversal of impairment loss recorded for the year ended 31 March 2022; and

(v) provision of additional finance costs of approximately US$6.2 million.

EBITDA

The Group's EBITDA has decreased from US$12.3 million for the year ended 31 March 2022 to US$8.9 million for the year ended 31 March 2023 due to the decrease in revenue resulting from the drop in average daily charter hire income of the Group's fleet.

Liquidity, financial resources, capital structure and gearing ratio

As at 31 March 2023, the Group's cash and cash equivalents amounted to approximately US$2.0 million (as at 31 March 2022: approximately US$2.7 million), of which approximately 98.3% were denominated in US$, approximately 1.5% were denominated in HK$ and approximately 0.2% were denominated in RMB. Outstanding bank borrowings amounted to approximately US$11.4 million (as at 31 March 2022: approximately US$12.9 million) and other loans (including convertible bonds) amounted to approximately US$60.8 million (as at 31 March 2022: approximately US$61.6 million), of which 99.1% were denominated in US$ and 0.9% were denominated in HK$.

As at 31 March 2023 and 31 March 2022, the Group had a gearing ratio (being bank borrowings and other borrowings (including convertible bonds) of the Group divided by the total assets of the Group) of about 54.3% and 48.5% respectively. The increase in gearing ratio as at 31 March 2023 was mainly due to the the following factors: (i) the decrease in value of assets denominated in Renminbi, including investment properties, due to depreciation in Renminbi versus US dollar; (ii) the impairment of vessels owned by the Group recognised during the year; (iii) the decrease in carrying value of the Top Build Convertible Bonds after reassessment based on the terms of the agreement upon signing of the Supplemental Settlement Agreement; and (iv) the deferred repayment of fourth quarterly instalment under the Supplemental Settlement Agreement with Bondholder triggered the accrual of other finance charge and additional finance cost at 31 March 2023 which increased the carrying value of Top Build Convertible Bonds at 31 March 2023.

The Group recorded net current liabilities of about US$70.4 million as at 31 March 2023 and approximately US$66.0 million as at 31 March 2022. It was mainly due to (i) the decrease in bank balance after the decline in revenue; (ii) the deferred repayment of fourth quarterly instalment under the Supplemental Settlement Agreement with Bondholder triggered the accrual of other finance charge approximately amounted to US$4.1 million and additional finance cost approximately amounted to US$2.1 million at 31 March 2023 which increased the carrying value of other payable and Top Build Convertible Bonds at 31 March 2023; (iii) the repayment of the principal of US$1.5 million of Top Build Convertible Bonds during the year ended 31 March 2023.

On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, has entered into a term loan for the principal amount of US$4.27 million for refinancing a vessel owned by the Group, namely GH POWER Loan. The principal amount of the GH POWER Loan shall be repaid by 14 quarterly instalments commencing three months from the drawdown date. The GH POWER Loan is subject to compliance of certain restrictive financial undertakings which the Group will continue to monitor. On 10 October 2022, the GH POWER loan has been fully repaid.

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

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

The management maintains continuous relationship with the banks and financial institutions and the Directors are of the opinion that bank borrowings and loan from financial institutions will continue to be available to the Group for the next twelve months from 31 March 2023.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into six loan facility agreements with Ablaze Rich, a controlling shareholder of the Company (as defined in the Listing Rules), on 19 January 2017, 12 April 2017, 15 January 2018, 17 April 2019, 28 February 2020 and 23 June 2020 for six loan facilities (collectively, the "Facilities") in the amounts of US$3.0 million (the "First Facility"), US$3.0 million (the "Second Facility"), US$1.5 million (the "Third Facility"), US$2.0 million (the "Fourth Facility"), US$2.0 million (the "Fifth Facility") and US$3.0 million (the "Sixth Facility") respectively. The First Facility, the Second Facility and the Sixth Facility were extended on 30 March 2023.

The full loan amount had been drawn down by the Company under the First Facility, the Second Facility, the Third Facility, the Fourth Facility and the Fifth Facility. As at 31 March 2023, US$2.0 million of the loan amount had been drawn down by the Company under the Sixth Facility.

The First Facility will be repayable on an extended repayment date which is on or before 30 June 2026, the Second Facility will be repayable on an extended repayment date which is on or before 30 June 2026 and the Sixth Facility will be repayable on an extended repayment date which is on or before 30 June 2026. These loan facilities are unsecured and carry an interest of 4% per annum. As at the date of this annual report, the drawn amount under the Third Facility, the Fourth Facility and the Fifth Facility have been repaid in full and US$1,150,000 of the Sixth Facility has been repaid. The drawn amount under the First Facility and the Second Facility had not been repaid. The disinterested members of the Board (including the independent non-executive Directors) consider that as each of the Facilities is on normal commercial terms or better and is not secured by assets of the Group, the receipt of financial assistance by the Group thereunder are fully exempt under Rule 14A.90 of the Listing Rules.

On 30 September 2022, the Company entered into a deed of funding undertakings. Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice shall be issued by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. The deed of funding undertakings entered on 30 September 2021 was superseded by this deed, and had ceased to be effective from 30 September 2022. As at the date of this annual report, US$3,850,000 was obtained under the terms of the deed.

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

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

Convertible Bonds

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

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

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

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

As disclosed in the inside information announcement dated 31 March 2023, the Company has not repaid to the Bondholder the fourth quarterly instalment of US$500,000 due on 31 March 2023. The Company and the Bondholder have made further arrangements in relation to the settlement of the unpaid instalment and the US$500,000 was fully repaid in 3 instalments on and before 15 June 2023.

Exposure to fluctuations in exchange rate risk and related hedges

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

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

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

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer. As at 31 March 2023, the Group recorded outstanding bank borrowings of about US$11.4 million and all these bank borrowings carried interest at floating rate.

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

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

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

On 10 October 2022, the GH POWER Loan has been fully repaid.

Charges on assets

As at 31 March 2023, the Group had pledged the following assets to the Bondholder and a bank as securities against the convertible bonds and bank borrowings to the Group:

	31 March 2023 US$'000	31 March 2022 US$'000
Investment properties	34,002	–
Property, plant and equipment	44,766	54,356
Pledged deposits	–	500
Pledged bank deposits	516	1,390
	79,284	56,246

Contingent liabilities

There were no material contingent liabilities for the Group as at 31 March 2023.

Employees' remuneration and retirement scheme arrangements

As at 31 March 2023, the Group had a total of 103 employees (as at 31 March 2022: 88 employees). For the year ended 31 March 2023, the total salaries and related costs (including Directors' fees) amounted to approximately US$6.0 million (as at 31 March 2022: US$4.8 million). It is the Group's policy to remunerate its employees with reference to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

The Group operates defined contribution plans by paying contributions to pension insurance plans as further described in Note 2.14 to the consolidated financial statements. The Group's contributions to such defined contribution plans vest fully and immediately with the employees. Accordingly, there are no forfeited contributions under such plans which may be used by the Group as employer to reduce its existing level of contributions for the year ended 31 March 2023.

Acquisition and disposal

The Group had no material acquisition or disposal during the year ended 31 March 2023.

Prospects

The Group expects that 2023 will continue to be a challenging year. The global economies will continue to face economy downturn, including inflation, weakening global demand and tighter monetary policies. Also, the COVID-19 pandemic and the war between the Russia and Ukraine is expected to continue affecting the dry bulk shipping market and worldwide supply chain structure.

The Company will closely monitor the market situation and evaluate the impact of the COVID-19 pandemic, and continuously adopt a cautious approach for exploring any potential investment or business opportunities to enhance its income source. Furthermore, the Group will uphold its proactive and prudent operating strategies in order to reduce operational risks and improve operational performance. The Company will keep the shareholders of the Company updated of its business development as and when appropriate.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

Board of Directors

Executive Directors

Ms. LAM Kwan (林群), aged 55, is the chairperson of the Board, the chief executive officer and an executive Director of the Company. She is one of the co-founders of the Group. Ms. Lam is the spouse of Mr. Yan, who is also one of the controlling shareholders of the Company (as defined under the Listing Rules) and has an interest in such number of Shares as disclosed in the section headed "Directors' Report — Directors' and Chief Executive interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report. Ms. Lam is primarily responsible for the Group's day-to-day management and overall business operations as well as its finance and administrative management. She is also a director of each of the subsidiaries of the Company. Ms. Lam has extensive experience in the marine transportation industry. Ms. Lam is currently a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on the TSX Venture Exchange in Canada. She was an executive director of HS Optimus Holdings Limited (formerly known as KLW Holdings Limited) (SGX stock code: 504), a company listed on Singapore Exchange Securities Trading Limited from August 2016 to July 2021. She has been appointed as chairman of Pok Oi Hospital from April 2022 to March 2023 and she has been appointed as permanent adviser of Pok Oi Hospital since 1 April 2023. She is currently a director of the Hong Kong Energy, Mining and Commodities Association, an honorary director of Hong Kong Baptist University Foundation, and a fellow of the Hong Kong Institute of Directors. She graduated from Dongbei University of Finance & Economics in 1990 with a bachelor's degree in English for Finance in the Department of Foreign Language for Finance. Ms. Lam is currently a director of Ablaze Rich, which along with Ms. Lam herself has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report – Directors' and Chief Executive interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Mr. PAN Zhongshan (潘忠善), aged 58, has been serving as an executive Director of the Company since 28 April 2023. Mr. PAN is responsible for the operation management of the Group's shipping business since January 2022. Mr. PAN has 36 years of experience in the maritime industry. Mr. PAN graduated from Dalian Maritime University* (大連海事大學) with a bachelor degree of ocean-going ship navigation* (航海系遠洋船舶駕駛專業). Before joining the Group, he had worked for China COSCO Shipping Corporation Limited in Qingdao Branch as third mate, second mate, chief mate and a captain of ocean-going vessels from 1986 to 2002. Mr. PAN had joined the Hong Kong Lihai International Shipping Limited as deputy general manager since 2002 and he had been appointed as managing director from 2006 to 2019. Mr. PAN has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report – Directors' and Chief Executive interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

* For identification purposes only

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻), aged 71, has been serving as an independent non-executive Director of the Company since September 2010. Mr. CHEUNG graduated from Hong Kong Polytechnic with a Higher Diploma in Accountancy in 1978 and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. CHEUNG has extensive experience in accounting, finance, corporate management and investment banking, specialising in equity/debt fund raising, mergers and acquisitions and corporate and debt restructuring, as well as private financial consultancy work. Mr. CHEUNG was an independent non-executive director of a company listed on the Main Board of the Stock Exchange, namely NewOcean Energy Holdings Limited (stock code: 342) (in liquidation) from August 2001 to December 2021. Mr. CHEUNG was an independent non-executive director of Zhuoxin International Holdings Limited (stock code: 8266), a company previously listed on the GEM of the Stock Exchange, from October 2018 to January 2020. Mr. CHEUNG has also been appointed as independent non-executive director of Long Well International Holdings Limited (stock code: 850), a company previously listed on the Main Board of the Stock Exchange, from September 2004 to May 2021. Mr. CHEUNG has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report – Directors' and Chief Executive interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Dr. CHAN Chung Bun, Bunny (陳振彬), *GBM, GBS, JP*, aged 65, has been serving as an independent non-executive Director of the Company since September 2010. Dr. CHAN has extensive experience in commerce and is currently the chairman of Prospectful Holdings Limited. Dr. CHAN is active in community affairs in Hong Kong. Dr. CHAN was appointed as Justice of Peace in 2002 and was awarded the Bronze, Silver and Gold Bauhinia Star medals in 2004, 2009 and 2014 respectively, and the Grand Bauhinia Medal in 2021 by the government of Hong Kong. Dr. CHAN was conferred Doctor of Business Administration, honoris causa, in December 2013 by the Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong). Dr. CHAN is currently also an independent non-executive director of three other companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (stock code: 2331), Glorious Sun Enterprises Limited (stock code: 393) and MTR Corporation Limited (stock code: 66). Dr. CHAN was an independent non-executive director of Speedy Global Holdings Limited (stock code: 540) from December 2012 to January 2023. Dr. CHAN has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report – Directors' and Chief Executive interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this annual report.

Ms. WONG Tsui Yue, Lucy (黃翠瑜), aged 62, has been serving as an independent non-executive Director of the Company since 30 September 2022. Ms. WONG has extensive experience in commerce and accounting. Ms. WONG graduated with a Bachelor of Commerce and Administration from Victoria University of Wellington in New Zealand in May 1984 and further obtained a Master of Arts in Anthropology from the Chinese University of Hong Kong in November 2013. Ms. WONG has been a director of Advance Caterers Limited (formerly known as Hong Kong Catering Management Ltd.) since November 2009. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and was formerly an associate member of the Institute of Chartered Accountants in Australia. Ms. WONG has over 20 years' experience working with companies listed on the Main Board of the Stock Exchange, including over 15 years as company secretary and over 10 years as finance director. Ms. WONG has also dedicated her time on women empowerment through her voluntary work for Zonta since 2003. Ms. WONG is not interested in any Shares within the meaning of Part XV of the SFO as at the date of this annual report.

Senior management

Mr. SZE Wing Kin Pierre (施永健), aged 46, has been the chief financial officer and company secretary of the Company since 30 December 2022. Mr. SZE is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the company. Mr. SZE graduated from The Hong Kong University of Science and Technology with a Bachelor of Business Administration (Hons) in Professional Accounting in 1998. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. SZE has extensive experience in corporate finance, investor relations, company secretarial, financial management, auditing, accounting, taxation, internal control, treasury and business advisory in Hong Kong and the PRC.

Prior to joining the Company, Mr. SZE has been the group chief financial officer of Great Harvest (Holdings) Limited, a conglomerate with investments in mining and steel industry, minerals trading, real estate development and big health industry since February 2022. Mr. SZE has also been appointed as a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on the TSX Venture Exchange in Canada since December 2022. Before then, Mr. SZE was the chief financial officer of a leading woodworking machinery manufacturer in the PRC from April 2019 to January 2022. Mr. SZE had also served as the corporate finance and investor relations director as well as company secretary and authorised representative of DreamEast Group Limited (stock code: 593), a company listed on the Main Board of the Stock Exchange from January 2016 to January 2019. Mr. SZE had been the chief financial officer, board secretary and company secretary of a pure play integrated gold company in the PRC focusing on exploration, mining, processing and smelting of gold from September 2011 to August 2015. Mr. SZE was the chief financial officer, qualified accountant and company secretary of SSY Group Limited (stock code: 2005), a company listed on the Main Board of the Stock Exchange from June 2008 to August 2011. Mr. SZE had worked for several international and local audit firms including KPMG, PricewaterhouseCoopers and Deloitte Touche Tohmatsu from September 1998 to June 2008.

CORPORATE GOVERNANCE REPORT

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

The CG Code

The Company has adopted the principles and code provisions set out in the CG Code contained in Part 2 of Appendix 14 to the Listing Rules as the Company's code on corporate governance practices throughout the year ended 31 March 2023 except for the deviations as stated below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Lam is the chairperson and chief executive officer of the Company. In view of Ms. Lam is one of the co-founders of the Company and has been operating and managing the Group since 2010, the Board considered that the roles of chairperson and chief executive officer being performed by Ms. Lam enables more effective overall business planning and implementation by the Group. In order to maintain good corporate governance and fully comply with the provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairperson and chief executive officer separately.

Save as disclosed above, the Company had complied with all the other code provisions set out in the CG Code during the year ended 31 March 2023.

The Board

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

Board composition

As at the date of this annual report, the Board comprised two executive Directors and three independent non–executive Directors:

Executive Directors

Ms. LAM Kwan (林群) *(Chairperson and Chief Executive Officer)*
Mr. PAN Zhongshan (潘忠善) (appointed with effect from 28 April 2023)
Mr. YAN Kim Po (殷劍波) *(Joint Chairperson)* (resigned with effect from 16 January 2023)
Ms. ZHAO Lihong (趙曆宏) (appointed on 3 November 2022 and resigned with effect from 28 April 2023)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Dr. CHAN Chung Bun, Bunny (陳振彬)
Ms. WONG Tsui Yue Lucy (黃翠瑜) (appointed with effect from 30 September 2022)
Mr. WAI Kwok Hung (韋國洪) (retired with effect from 30 September 2022)

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

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

Roles and responsibilities of the Board

Members of the Board are individually and collectively responsible for the leadership and control, the promotion of success of the Group and the creation of value for Shareholders by discharging their duties in a dedicated, diligent and prudent manner on the principle of good faith. The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, investment plans, annual and interim results, recommendations on Directors' appointment or reappointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the execution of business strategies and directions, and the day-to-day responsibilities and operations to the senior management under the supervision of the Board.

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

Appointment and election of Directors

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

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Also, each of the independent non-executive Directors has entered into a letter of appointment for a term of three years. Each of the Directors is subject to retirement by rotation in accordance with the Articles.

According to Articles 83(3), 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 the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Since Mr. PAN Zhongshan was appointed on 28 April 2023 as an addition to the existing Board by the Directors, Mr. PAN Zhongshan will retire as Director and, being eligible, offer himself for re-election as Director at the AGM.

According to Article 84, not less than one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director who retires under this article shall then be eligible for re-election as Director.

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

Accordingly, Ms. Lam and Mr. CHEUNG Kwan Hung will retire as Directors and, being eligible, offer themselves for re-election as Directors at the AGM.

Corporate Culture

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

Anti-Corruption Policy

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

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

Whistleblowing Policy

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

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

Dividend Policy

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

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

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

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

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

Communication with Shareholders and Investor Relations

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

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

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

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

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

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

The Company has reviewed the implementation and effectiveness of the shareholders' communication policy and is satisfied that it is effective for the Company to understand the views and opinion of the shareholders through the available channels. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Board Diversity Policy

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

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

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

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

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

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

Gender diversity

In terms of Board gender diversity, there have already been two female Directors on the Board as at 31 March 2023, being 40% of the Board. As for gender ratio in the workforce of the Group, including senior management of the Group, please refer to the section headed "Environmental, Social and Governance Report – Performance Data Summary – Employee Profile" on page 90 of this annual report. Given the current composition of the Board and the workforce of the Group, the Board is of the view that gender diversity is achieved and shall focus primarily on maintaining the gender balance. The Board will periodically monitor the gender composition of the Board and workforce and set targets if and as needed based on the Group's business needs and development plans.

Director Nomination Policy

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

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

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational, background, ethnicity, professional experience, skills, knowledge and length of service;

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

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

The Director Nomination Policy also sets out the procedures and process for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 March 2023, the Nomination Committee adhered to the following nomination procedures and the process set out in the Director Nomination Policy to select and recommend candidates for directorship:

(a) Appointment of new Director

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

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

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

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

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

(b) Re-election of Director at General Meeting

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

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

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

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

Independent views and input to the Board

To ensure independent views and input are made available to the Board, the Board (or through its Board committees) ensures the following mechanisms are in place and reviews the implementation and effectiveness of such mechanisms annually:

(i) all Directors should have the required character, integrity, perspectives, skills, expertise and experience to fulfill their roles and are encouraged to express their independent views through Board meetings;

(ii) all Directors are required to declare conflicts of interest (if any) in their roles as Directors and Directors who have material interests shall not vote or be counted in the quorum for the relevant Board resolutions;

(iii) the chairperson of the Board meets with independent non-executive Directors annually without the presence of other Directors; and

(iv) all independent non-executive Directors are required to confirm in writing on an annual basis their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules.

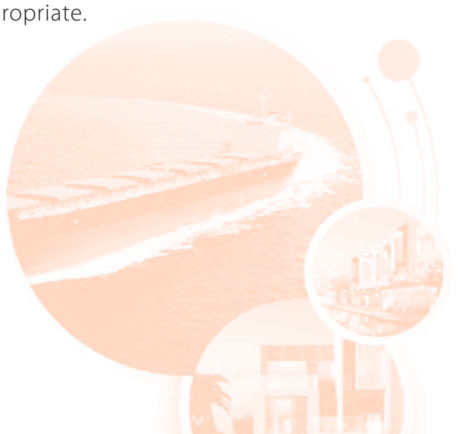
Independent non-executive Directors

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

According to code provision C.2.7 of the CG Code, the chairperson should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year ended 31 March 2023, the chairperson had met the independent non-executive Directors collectively and individually without the presence of other Directors.

Induction, development and training of Directors

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



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

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with code provision C.1.4 of the CG Code, the Company shall arrange and fund suitable training for Directors to develop and refresh their knowledge and skills. During the year ended 31 March 2023, the Directors participated in the kinds of training as follows:

Name of Director	**Kind of Training**
Executive Directors	
Ms. Lam	A, B
Mr. PAN Zhongshan (appointed with effect from 28 April 2023)	N/A
Mr. Yan (resigned with effect from 16 January 2023)	A, B
Ms. ZHAO Lihong (appointed on 3 November 2022 and resigned with effect from 28 April 2023)	A, B
Independent non-executive Directors	
Mr. CHEUNG Kwan Hung	A, B
Dr. CHAN Chung Bun, Bunny	A, B
Mr. WONG Tsui Yue Lucy (appointed with effect from 30 September 2022)	A, B
Mr. WAI Kwok Hung (retired with effect from 30 September 2022)	A, B

A: Reading materials on legal and regulatory updates

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

Corporate governance functions

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

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

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

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

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

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

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

During the year ended 31 March 2023, the Board reviewed and monitored the training of the Directors, and the Company's policies and practices on compliance with legal and regulatory requirements.

Board committees

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

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

Audit Committee

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

Mr. WAI Kwok Hung has retired as an independent non-executive Director and a member of Audit Committee with effect from 30 September 2022. Ms. WONG Tsui Yue Lucy has been appointed as an independent non-executive Director and a member of Audit Committee with effect from 30 September 2022.

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

The Audit Committee held four meetings during the year ended 31 March 2023 to review, with the management and the Company's external auditors, the financial results and reports, financial reporting (including cash flow forecast), the Group's significant internal control and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The Company's annual results for the year ended 31 March 2023 have been reviewed by the Audit Committee.

Nomination Committee

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

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

With effect from 30 September 2022, Mr. WAI Kwok Hung has retired as an independent non-executive Director and a member of Nomination Committee, and Ms. WONG Tsui Yue Lucy has been appointed as an independent non-executive Director and a member of Nomination Committee. With effect from 16 January 2023, Mr. Yan has resigned as an executive Director and a member of Nomination Committee, and Ms. Lam has been appointed as the chairperson of Nomination Committee.

The Nomination Committee currently consists of an executive Director and two independent non-executive Directors, namely Ms. Lam, Dr. CHAN Chung Bun, Bunny and Ms. WONG Tsui Yue Lucy. Ms. Lam is the chairperson of the Nomination Committee. Meetings of the Nomination Committee shall be held at least once a year and as and when required or as requested by the responsible Director or the chairperson.

The Nomination Committee held three meetings during the year ended 31 March 2023 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and the measurable objectives of the board diversity policy and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company.

Remuneration Committee

The Remuneration Committee was established to recommend to the Board from time to time on the Company's remuneration policy and structure for all remuneration of the Directors and the senior management of the Company, and to ensure that the Directors and the senior management of the Company are fairly rewarded in light of their contribution to the Company and their performance and that they receive appropriate incentives to maintain high standards of performance and to improve their performance and the Company's performance. The written terms of reference of the Remuneration Committee were adopted by the Board on 13 September 2010 and revised on 29 March 2012 and 23 December 2022 and have been posted on the websites of the Stock Exchange and the Company.

Mr. Yan has resigned as an executive Director and a member of Remuneration Committee with effect from 16 January 2023 and Ms. Lam has been appointed as a member of Remuneration Committee with effect from 16 January 2023.

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

The Remuneration Committee held three meetings during the year ended 31 March 2023 to review and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management and other related matters.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 March 2023 is set out below:

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

Note: It refers to Mr. PAN Zhongshan who was a senior management of the Group during the year ended 31 March 2023. He was appointed as an executive Director on 28 April 2023.

Remuneration of Directors

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

Board and Board committee meetings

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

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

The individual attendance record of each Director at the meetings of the Board and the Board committees during the year ended 31 March 2023 is set out below.

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Ms. Lam	11/11	–	–	–
Mr. PAN Zhongshan (appointed with effect from 28 April 2023)	–	–	–	–
Mr. Yan (resigned with effect from 16 January 2023)	9/9	–	3/3	3/3
Ms. ZHAO Lihong (appointed on 3 November 2022 and resigned with effect from 28 April 2023)	4/5	–	–	–
Mr. CHEUNG Kwan Hung	11/11	4/4	3/3	–
Dr. CHAN Chung Bun, Bunny	11/11	4/4	3/3	3/3
Ms. WONG Tsui Yue Lucy (appointed with effect from 30 September 2022)	5/5	1/1	–	1/1
Mr. WAI Kwok Hung (retired with effect from 30 September 2022)	6/6	3/3	–	2/2

Auditor's remuneration

During the year ended 31 March 2023, the remuneration payable/paid to the external auditor of the Company is set out as follows:

Services rendered	Year ended 31 March 2023 US$'000
Audit services	117
Non-audit services *(Note)*	45

Note: Represents review of interim results of the Group for the six months ended 30 September 2022 and audit planning for the Group.

The Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

The Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards as set out in the Model Code for the year ended 31 March 2023 and up to the date of this annual report.

Company secretary

Mr. SZE Wing Kin Pierre has been appointed as the company secretary with effect from 30 December 2022. Mr. SZE is also the chief financial officer of the Company, a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. SZE has complied with Rule 3.29 of the Listing Rules by taking not less than 15 hours of relevant professional training during the year ended 31 March 2023.

Risk management and internal control

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

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

During the year ended 31 March 2023, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of the Group, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. The Group considers its risk management and internal control systems effective and adequate. The Group's systems are designed to manage rather than eliminate the risk of failure to achieve corporate objectives and aim to provide reasonable and not absolute assurance against material misstatement, loss or fraud. The Board delegates to the management to design, implement and conduct ongoing assessment on the Group's internal control systems, while the Board through its Audit Committee oversees and reviews the effectiveness of the risk management and internal control systems of the Group, and resolves, if any, material internal control defects. Qualified professionals within the business maintain and monitor these systems of control on an ongoing basis.

Described below are the main characteristics of the Group's risk management and internal control framework.

Control Environment

The scope of internal control relates to three major areas:

– effectiveness and efficiency of operations;

– reliability of financial reporting; and

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

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

Risk Governance Structure

The Group's risk governance structure facilitates risk identification and escalation whilst providing assurance to the Board. The Board assigns clear roles and responsibilities and facilitate the implementation of policies and guidelines. The Group's risk governance structure consists of three layers of roles and responsibilities to manage risk and internal control as below:

Role	Accountability	Responsibilities
Oversight	Audit Committee of the Board	– Oversee of material risks, corporate governance, financial reporting, risk management and internal control systems
Risk reporting and communication	Chief financial officer (the "CFO") and supporting team	– communicate and assess the Group's risk profile and material risks – identify areas for improvement of risk management and internal control systems – track progress of mitigation plans and activities of material risks and report to the Board
Risk and control ownership	Business units, support functions and individuals	– Day-to-day monitoring and execution of internal control systems – Reporting to the CFO according to the risk management framework

Risk Management Process

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

Quarterly risk review process at group level	– Business units are required to report quarterly their material risks identification through their risk management process to the CFO. – The CFO reviews the risks identification reports, scrutinises the material risks and ensures the controls and mitigation measures are in place or in progress. – For material and having a longer term effect's emerging risks, the CFO will discuss with the Directors for the monitoring measures and mitigation plans.
Risk review process for investment decisions	– All new investments must be reviewed on the risk of the investment by the CFO. The CFO and his supporting team will provide suggestions to the Board regarding the risks of the new investment, and any actions that can be done to control and mitigate the risks.
Risk management integrated with internal control systems	– Risk management is closely linked to the Group's internal control framework. Key controls are subject to testing in order to assess their effectiveness.
Risk management in the business planning process	– Business units are required to identify all material risks that may impact their achievement of business objectives. The business units are also required to develop plans to mitigate the identified risks and for implementation and budget purpose.

Risk Management Monitoring

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

Inside Information

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

Internal and External Audit Function

Internal Audit Function

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

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

The principal tasks of the internal audit team include:

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

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

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

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

External Audit Function

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

On 8 July 2022, the Group appointed the new external auditor, SHINEWING (HK) CPA Limited ("SHINEWING"), which had performed independent statutory audits of the Group's financial statements. SHINEWING noted that there is no significant internal control weakness discovered in its audit for the year ended 31 March 2023.

Management function

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

Responsibilities in respect of the consolidated financial statements

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

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 March 2023.

The statements of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 99.

The external auditor of the Company draws attention to Note 2.1.1 to the consolidated financial statements, which states that the Group's current liabilities exceeded its current assets by approximately US$70,383,000 as at 31 March 2023, which included borrowings and loans of US$10,913,000 and convertible bonds US$52,739,000 repayable within one year, while the Group's cash and cash equivalents balances was US$2,041,000.

The Group is undertaking a number of financing plans and other measures as described in Note 2.1.1 to the consolidated financial statements in order to ensure that the Group is able to meet its commitments in the next twelve months from the date of approval of the consolidated financial statements for the year ended 31 March 2023 for issuance. The Directors are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the next twelve months from the date of approval of the consolidated financial statement for the year ended 31 March 2023 for issuance. However, the likelihood of successful implementation of these financing plans and other measures, as set forth in Note 2.1.1 to the consolidated financial statements, show that the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The external auditor's opinion in the section headed "Independent Auditor's Report" in this annual report is not modified in respect of this matter.

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

Shareholders' communication and rights

The aforementioned shareholders' communication policy was established by the Company to promote effective communication with the Shareholders and encourage effective participation by the Shareholders at general meetings of the Company.

During the year ended 31 March 2023, one general meeting of the Company was held, i.e. the annual general meeting of the Company held on 30 September 2022, and the attendance of each Director at the annual general meeting of the Company is set out as follows:

Name of Directors	General meeting of the Company
Ms. Lam	1/1
Mr. PAN Zhongshan (appointed with effect from 28 April 2023)	N/A
Mr. Yan (resigned with effect from 16 January 2023)	1/1
Ms. ZHAO Lihong (appointed on 3 November 2022 and resigned with effect from 28 April 2023)	N/A
Mr. CHEUNG Kwan Hung	1/1
Dr. CHAN Chung Bun, Bunny	1/1
Ms. WONG Tsui Yue Lucy (appointed with effect from 30 September 2022)	N/A
Mr. WAI Kwok Hung (retired with effect from 30 September 2022)	1/1

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

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

The external auditor of the Company will be invited to attend the AGM to answer any questions from the Shareholders on the audit of the Company.

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

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

Investor relations

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

Constitutional documents

At the annual general meeting of the Company held on 30 September 2022, a special resolution was passed to approve the proposed adoption of the second amended and restated Articles incorporating amendments made for the purposes of, among others, (i) allowing general meetings to be held as a physical meeting, an electronic meeting (also referred to as virtual general meeting) or a hybrid meeting; (ii) bringing the Articles in line with amendments made to the Listing Rules and applicable laws and procedures of the Cayman Islands; and (iii) making certain minor housekeeping amendments to the Articles for the purpose of clarifying existing practice and making consequential amendments in line with the amendments to the Articles. Please refer to the announcements of the Company dated 24 August 2022 and 30 September 2022, and the circular of the Company dated 30 August 2022 for further details.

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

Save as disclosed above, there was no change to the Company's constitutional documents during the year ended 31 March 2023.

AUDIT COMMITTEE REPORT

For the year ended 31 March 2023, the Audit Committee's review covered the audit plans and findings of the external auditor and internal control team, external auditor's independence and performance, the Group's accounting principles and practices, Listing Rules and statutory compliance, connected transactions, internal control systems, risk management, treasury, financial reporting matters (including the interim and annual reports for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the audited consolidated financial statements for the year ended 31 March 2023. In carrying out this review, the Audit Committee has relied on the audit conducted by the Group's external auditor in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Based on this review and discussions with the management, the Audit Committee is satisfied that the consolidated financial statements have been prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 March 2023. The Audit Committee therefore recommended the consolidated financial statements for the year ended 31 March 2023 to be approved by the Board.

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

The consolidated financial statements of the Group for the year ended 31 March 2023 have been audited by SHINEWING.

Members of the Audit Committee
Mr. CHEUNG Kwan Hung *(Chairperson of Audit Committee)*
Dr. CHAN Chung Bun, Bunny
Ms. WONG Tsui Yue Lucy

Hong Kong, 29 June 2023

DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the audited consolidated financial statements for the year ended 31 March 2023.

Principal activities

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

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

Business review

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

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 106. The Directors did not recommend payment of any final dividend for the year ended 31 March 2023 (2022: Nil).

Environmental, social and governance matters

The Group is determined to become a responsible enterprise, and is committed to perfecting its business. At the same time, the Group has been actively improving the local community environment and taking part in community activities. The Group seeks to perform corporate citizenship, including the commitment of attaining the highest ethical standards, the provision of a safe and healthy workplace, and pay attention to the environment, resources utilisation and emissions in every aspect of its business as well as the contribution of resources to facilitate staff development training and the active involvement in charity. The Board is of the opinion that a good environmental, social and governance framework is of great importance to the development of the Group. Apart from the pursuit of business growth, the Group is also constantly perfecting in sectors such as environmental protection, social responsibilities and corporate governance. Meanwhile, the Group also hopes to achieve and improve its social responsibilities by enhancing corporate transparency. The Environmental, Social and Governance Report is set out on pages 61 to 98 of this annual report.

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2023, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2023, there was no material and significant dispute between the Group and its employees, customers and suppliers.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 21 and Note 31 to the consolidated financial statements respectively.

Property, plant and equipment

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

Distributable reserves

As at 31 March 2023, the Company has no distributable reserves (31 March 2022: Nil).

Pre-emptive rights

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

Tax relief and exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Five-year financial summary

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

Share capital

Details of the movements in the share capital of the Company during the year ended 31 March 2023 are set out in Note 19 to the consolidated financial statements.

Equity-linked agreements

Save for the Top Build Convertible Bonds and (i) the exercise of the outstanding options under the 2011 Share Option Scheme and/or (ii) the grant of options under the 2021 Share Option Scheme of the Company as referred to in the paragraph headed "Share Option Scheme" below, no equity-linked agreements (as defined under the Companies (Directors' Report) Regulation, Chapter 622D of the Laws of Hong Kong) that will or may result in the Company issuing Shares or that require the Company to enter into any such agreement that will or may result in the Company issuing shares were entered into by the Company during the year or subsisting at the end of the year. Please refer to the section headed "Share Option Scheme" below and Note 20 to the consolidated financial statements for further information about the 2021 Share Option Scheme; and the section headed "Management Discussion and Analysis – Financial Review – Convertible Bonds" and Note 24 to the consolidated financial statements for further information about the Top Build Convertible Bonds.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares for the year ended 31 March 2023.

Directors

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

Executive Directors

Ms. LAM Kwan (林群) *(Chairperson and Chief Executive Officer)*
Mr. PAN Zhongshan (潘忠善) (appointed with effect from 28 April 2023)
Mr. YAN Kim Po (殷劍波) *(Joint Chairperson)* (resigned with effect from 16 January 2023)
Ms. ZHAO Lihong (趙曆宏) (appointed on 3 November 2022 and resigned with effect from 28 April 2023)

Independent non-executive Directors

Mr. CHEUNG Kwan Hung (張鈞鴻)
Dr. CHAN Chung Bun, Bunny (陳振彬)
Ms. WONG Tsui Yue Lucy (黃翠瑜) (appointed with effect from 30 September 2022)
Mr. WAI Kwok Hung (韋國洪) (retired with effect from 30 September 2022)

According to Articles 83(3), 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 the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Since Mr. PAN Zhongshan was appointed on 28 April 2023 as an addition to the existing Board by the Directors, Mr. PAN Zhongshan will retire as Director and, being eligible, offer himself for re-election as Director at the AGM.

According to Article 84, not less than one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director who retires under this article shall then be eligible for re-election as Director. Accordingly, Ms. Lam and Mr. CHEUNG Kwan Hung will retire as Directors and, being eligible, offer themselves for re-election as Directors at the AGM.

Biographical details of Directors and senior management

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

Directors' service contracts

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

Permitted indemnity provisions

The Articles, which are currently in force and were in force during the year ended 31 March 2023, contain indemnity provisions which are permitted indemnity provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) subject to the limitations specified in sections 468 and 469 thereof, for the benefit of the Directors. Pursuant to such provisions, the Company shall indemnify and hold harmless out of its assets and profits any Directors from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them. The Company has also taken out and maintained appropriate insurance cover to indemnify the Directors for liabilities that may arise out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 March 2023, no claims were made against the Directors.

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

As at 31 March 2023, the interests and short positions of the Directors and/or the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests and Short Position in Shares, underlying Shares and debentures of the Company:

Name of Director	Capacity/Nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 9)*
Mr. Yan (resigned with effect from 16 January 2023)	Interest of controlled corporation *(Note 2)*	615,365,000 (L)	–	64.60%
	Family interest *(Note 3)*	11,370,000 (L)	–	1.19%
	Family Interest *(Note 4)*	30,192,500 (L)	–	3.17%
	Beneficial owner and interest of spouse *(Note 5)*	–	381,843,064 (S)	40.08%
Ms. Lam	Interest of controlled corporation *(Note 6)*	645,557,500 (L)	–	67.77%
	Beneficial owner *(Note 3)*	11,370,000 (L)	–	1.19%
	Beneficial owner and interest of spouse *(Note 5)*	–	381,843,064 (S)	40.08%
Mr. CHEUNG Kwan Hung	Beneficial owner *(Note 7)*	–	800,000 (L)	0.08%
Dr. CHAN Chung Bun, Bunny	Beneficial owner *(Note 8)*	–	800,000 (L)	0.08%

Notes:

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

(2) These 615,365,000 Shares were held by Ablaze Rich. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO.

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

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

(5) These 381,843,064 Shares represented the total number of Shares which may be allotted and issued to Sfund upon the exercise of the conversion rights attaching to the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 at the initial conversion price of HK$1.096 per Share and the exchange rate of HK$7.75 to US$1.00. Mr. Yan and Ms. Lam have granted the put option in favour of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase the Top Build Convertible Bonds. On 15 July 2020, Sfund has exercised the put options. As at the date of this annual report, the completion of the put option has not taken place. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules. As Mr. Yan and Ms. Lam have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares in which the other was interested by virtue of the SFO.

(6) These 645,557,500 Shares were held as to 615,365,000 Shares by Ablaze Rich and as to 30,192,500 Shares by All Ages. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO. The entire issued share capital of All Ages was owned as to 50% by Ms. Lam. As such, Ms. Lam was deemed to be interested in the Shares held by All Ages by virtue of the SFO.

(7) On 30 April 2015, Mr. CHEUNG Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the 2011 Share Option Scheme. All these share options remained outstanding as at 31 March 2023.

(8) On 30 April 2015, Dr. CHAN Chung Bun, Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the 2011 Share Option Scheme. All these share options remained outstanding as at 31 March 2023.

(9) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 31 March 2023.

Interest in shares and underlying shares of an associated corporation:

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares held *(Note)*	Approximate percentage of interest (%)
Mr. Yan (resigned with effect from 16 January 2023)	Ablaze Rich	Beneficial owner	10,200 (L)	51.00%
Ms. Lam	Ablaze Rich	Beneficial owner	9,800 (L)	49.00%
Mr. Yan (resigned with effect from 16 January 2023)	All Ages	Interest of Spouse	5,000 (L)	50.00%
Ms. Lam	All Ages	Beneficial owner	5,000 (L)	50.00%

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

Save as disclosed above, as at 31 March 2023, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at 31 March 2023, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/nature of interest	Number of Shares held *(Note 1)*	Number of underlying Shares held *(Note 1)*	Approximate percentage of interest (%) *(Note 4)*
Ablaze Rich	Beneficial owner	615,365,000 (L)	–	64.60%
廣州匯垠發展投資合夥企業（有限合夥）(Guangzhou Huiyin Development Investment Partnership Enterprise (Limited Partnership))* ("Guangzhou Huiyin Development")	Beneficial owner *(Note 2)*	74,265,000 (L)	–	7.80%
Sfund	Beneficial owner *(Note 3)*	–	381,843,064 (S)	40.08%

Notes:

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

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

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

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

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

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

(4) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 31 March 2023.

Save as disclosed above, as at 31 March 2023, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

* *for identification purpose only*

Directors' rights to acquire Shares or debentures

Save as disclosed in the section headed "Share Option Scheme" below and the put options granted in favour of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase the Top Build Convertible Bonds, at no time during the year ended 31 March 2023 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share Option Scheme

The Company has previously adopted the 2011 Share Option Scheme on 19 August 2011, which has expired on 18 August 2021, being ten years from its commencement date. Accordingly, no further share options to subscribe for Shares may be granted or made under the 2011 Share Option Scheme from that date onwards. As at the date of this annual report, 1,850,000 share options were outstanding under the 2011 Share Option Scheme; the number of Shares available for issue under the 2011 Share Option Scheme was 1,850,000 Shares, representing approximately 0.2% of the issued Shares. For further details of the terms of the 2011 Share Option Scheme, please refer to the annual report of the Company for the year ended 31 March 2021.

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

Eligible participants of the 2021 Share Option Scheme includes: (a) any employee (whether full time or part time, including any executive Director but excluding any non-executive Director) of the Company, any subsidiary of the Company or any entity in which any member of the Group holds any equity interests ("Invested Entity"); (b) any non-executive Directors (including independent non-executive Directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides design, research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; (i) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; and (j) any company wholly owned by one or more eligible participants as referred to in (a) to (i) above.

The terms of the 2021 Share Option Scheme are in accordance with and subject to the provisions of Chapter 17 of the Listing Rules. Subject to the early termination of the 2021 Share Option Scheme in accordance with the rules thereof, the 2021 Share Option Scheme shall remain in force for a period of ten years commencing on 18 August 2021. As at the date of this annual report, the remaining life of the 2021 Share Option Scheme is approximately 8 years.

The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the 2021 Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the Shares in issue from time to time (the "Overriding Limit"). No share options may be granted under the 2021 Share Option Scheme or any other share option scheme adopted by the Group if the grant of such share options will result in the Overriding Limit being exceeded.

The total number of Shares which may be allotted and issued upon exercise of all options (excluding for this purpose options which have lapsed in accordance with the terms of the 2021 Share Option Scheme and any other share option scheme of the Group) to be granted under the 2021 Share Option Scheme and any share option scheme of the Group must not in aggregate exceed 95,261,351 Shares, representing 10% of the Shares in issue as at 18 August 2021 (i.e. the date on which the 2021 Share Option Scheme was adopted by the Company) and approximately 10% of the Shares in issue as at the date of this annual report (the "General Scheme Limit"). The General Scheme Limit is also subject to the Overriding Limit, the refreshment of the General Scheme Limit (as described below) and the grant of share options beyond the General Scheme Limit (as described below).

Subject to the Overriding Limit and the grant of share options beyond the General Scheme Limit (as described below), the Company may refresh the General Scheme Limit at any time subject to shareholders' approval by ordinary resolution at a general meeting, and the General Scheme Limit as "refreshed" must not exceed 10% of the Shares in issue as at the date of the aforesaid shareholders' approval and for the purpose of calculating the "refreshed" limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the 2021 Share Option Scheme and any other share option scheme of the Group) previously granted under the 2021 Share Option Scheme and any other share option scheme of the Group will not be counted.

Subject to the Overriding Limit, the Company may also seek Shareholders' approval by ordinary resolution at a general meeting to grant share options under the 2021 Share Option Scheme beyond the General Scheme Limit, or, if applicable, the General Scheme Limit as "refreshed", to eligible participants specifically identified by the Company before such approval is sought.

If the Company conducts a share consolidation or subdivision, the maximum number of Shares that may be issued upon exercise of all share options to be granted under the 2021 Share Option Scheme and any other share option scheme of the Group under the General Scheme Limit as a percentage of the total number of issued Shares as at the date immediately before and after such consolidation or subdivision (i.e. 10% of the Shares in issue) shall be the same.

The total number of Shares issued and which may fall to be issued upon the exercise of options granted under the 2021 Share Option Scheme and any other share option scheme adopted by the Group (including both exercised and outstanding options) to each grantee within any 12-month period shall not exceed 1% of the Shares in issue for the time being. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. Share options granted to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates (as defined under the Listing Rules), are subject to approval in advance by the independent non–executive Directors of the Company.

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

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

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

No share option has been granted under the 2021 Share Option Scheme since its commencement date (i.e. 18 August 2021) and up to 31 March 2023. As at 31 March 2023 and the date of this annual report, the total number of Shares available for issue under the 2021 Share Option Scheme is 95,261,351 Shares, representing approximately 10% of the Shares in issue. As at 1 April 2022 and 31 March 2023, the number of options available for grant under the General Scheme Limit is 95,261,351 Shares.

The Company is aware that under the new rule 17.03A of the Listing Rules which came into effect on 1 January 2023, participants of share schemes shall only comprise of employee participants, related entity participants and service providers (as defined in the Listing Rules). The Company will only grant the share options under the 2021 Share Option Scheme to eligible participants in compliance with the new rule 17.03A and pursuant to the transitional arrangements for share schemes existing as at 1 January 2023 as specified by the Stock Exchange.

During the year ended 31 March 2023, movements of the share options granted under the 2011 Share Option Scheme are summarised as follows:

List of grantees	Date of grant (Note 4)	Exercisable period	Closing price per Share immediately before the date of grant HK$	Exercisable price per share HK$	Number of share options: Outstanding as at 1 April 2022	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 March 2023
Directors										
Mr. CAO Jiancheng *(Note 1)*	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	2,300,000	–	–	2,300,000	–	0
					2,300,000	–	–	2,300,000	–	0
Mr. CHEUNG Kwan Hung	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	800,000	–	–	–	–	800,000
					800,000	–	–	–	–	800,000
Dr. CHAN Chung Bun, Bunny	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	800,000	–	–	–	–	800,000
					800,000	–	–	–	–	800,000
Mr. WAI Kwok Hung *(Note 2)*	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	300,000	–	–	300,000	–	0
					300,000	–	–	300,000	–	0
Sub-total					4,200,000	–	–	2,600,000	–	1,600,000
Others *(Note 3)*	30 April 2015	30 April 2015–29 April 2025	$1.15	$1.20	250,000	–	–	–	–	250,000
Sub-total					250,000	–	–	–	–	250,000
Total					4,450,000	–	–	2,600,000	–	1,850,000

Notes:

(1) Mr. CAO Jiancheng ("Mr. CAO") resigned as an executive Director with effect from 18 August 2021 and retired in January 2022. All remaining share options of Mr. CAO, which remained exercisable by Mr. CAO in whole or in part within a period of 12 months following the date of cessation of his employment, lapsed under the terms of the 2011 Share Option Scheme.

(2) Mr. WAI Kwok Hung ("Mr. WAI") resigned as an independent non-executive Director with effect from 30 September 2022. All remaining share options of Mr. WAI lapsed under the terms of the 2011 Share Option Scheme.

(3) This represents Ms. TSANG Sze Wing, a grantee who was a consultant of the Group and have provided accounting consultancy services.

(4) The share options granted were vested on the date of grant.

Public float

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

Contracts of significance

Save for the loan facility agreements entered into between Ablaze Rich and the Company dated 19 January 2017, 12 April 2017 and 23 June 2020 and the deeds of funding undertakings entered into between Ablaze Rich, Mr. Yan and Ms. Lam and the Company dated 30 September 2020, 30 September 2021 and 30 September 2022, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director (as defined under the Companies Ordinance) or a controlling shareholder of the Company (as defined under the Listing Rules) or any of its subsidiaries is or was materially interested, whether directly or indirectly, subsisted during the year ended, or at, 31 March 2023. Please refer to the section headed "Management Discussion and Analysis – Financial Review – Liquidity, financial resources, capital structure and gearing ratio" of this annual report for further information about the loan facility agreements and the deeds of funding undertakings.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with any Director or any person engaged in full time employment of the Company were entered into or subsisted during the year ended 31 March 2023.

Related party transactions

Details of significant related party transactions of the Group for the year ended 31 March 2023 are set out in note 30 to the consolidated financial statements. All of such transactions fall under definition of "connected transaction" in Chapter 14A of the Listing Rules. In respect of each of such transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (where applicable).

Major customers and suppliers

For the year ended 31 March 2023, the Group's five largest customers together accounted for about 83.4% of the Group's total chartering revenue and the largest customer accounted for about 27.1% of the Group's total chartering revenue. The relatively high concentration of revenue attributable to a few customers during the year was due to the relatively small fleet size of the Group. Each of the five largest customers had established 1 to 9 years of business relationship with the Group.

For the year ended 31 March 2023, the Group's five largest suppliers together accounted for about 87.9% of the Group's costs of services, and the largest supplier accounted for about 50.2% of the Group's total costs of services. The Group's key suppliers include insurance underwriters, ship managers, shipbrokers, bunker fuel providers and shipyards. Each of the five largest suppliers had established 9 to 12 years of business relationship with the Group.

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

Directors and controlling Shareholders' interests in competing business

For the year ended 31 March 2023 and up to the date of this annual report, none of the Directors and controlling Shareholders of the Company (i.e. Mr. Yan, Ms. Lam and Ablaze Rich) (the "Controlling Shareholders") was interested in any business which competes or is likely to compete with the businesses of the Group.

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

The independent non-executive Directors had reviewed the compliance with the Deed of Non-competition during the year ended 31 March 2023 and up to the date of this annual report based on information and confirmation provided by the Controlling Shareholders, and they were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-competition.

Change in Directors' biographical details

Changes in Director's biographical details for the year ended 31 March 2023 and up to the date of this annual report, which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Mr. Yan ceased to be the joint chairperson of the Board, an executive Director and the chairperson of Nomination Committee and a member of Remuneration Committee of the Board with effect from 16 January 2023.

Ms. Lam has been appointed as the joint chairperson of the Company with effect from 30 September 2022. Immediately following the resignation of Mr. Yan as mentioned above, Ms. Lam remains as the chairperson of the Board and has been appointed as the chairperson of Nomination Committee and a member of Remuneration Committee of the Board with effect from 16 January 2023.

Dr. CHAN Chung Bun, Bunny ceased to be an independent non-executive director of Speedy Global Holdings Limited (stock code: 540) with effect from 31 January 2023.

Ms. ZHAO Lihong ceased to be an executive Director and the general manager of Hong Kong Dedao International Group Limited (香港得到國際集團有限公司), an indirect wholly-owned subsidiary of the Company, with effect from 28 April 2023.

Mr. PAN Zhongshan has been appointed as an executive Director with effect from 28 April 2023.

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

Closure of register of members

The register of members of the Company will be closed from Wednesday, 23 August 2023 to Monday, 28 August 2023 (both days inclusive) for the purpose of determining the right to attend and vote at the AGM. In order to be qualified for attending and voting at the AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 22 August 2023.

Corporate governance

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

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2023 have been audited by SHINEWING. SHINEWING will retire at the conclusion of the AGM and, being eligible, offer themselves for re-appointment. A resolution to re-appoint SHINEWING as the auditor of the Company in the following year will be proposed at the AGM.

On behalf of the Board

LAM Kwan
Chairperson

Hong Kong, 29 June 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

Great Harvest Maeta Holdings Limited (the "Company") and its subsidiaries (collectively the "Group" or "we") are pleased to present our annual Environmental, Social and Governance ("ESG") Report (the "Report"). The Report provides an overview of the Group's policies, management strategies, and initiatives to showcase our unwavering dedication to sustainable development. Our aim is to ensure that all our business operations are conducted in a responsible manner that takes into account economic, social, and environmental considerations. For the information regarding the Group's corporate governance, please refer to the section of the Corporate Governance Report from page 27 to page 45 of our annual report.

Reporting Scope

The scope of the Report covers the environmental and social performances of the Group's core businesses, including 1) chartering out of dry bulk vessels and 2) property investment and development in the People's Republic of China (the "PRC") during the period from 1 April 2022 to 31 March 2023 (the "Year" or "2022/23").

Reporting Standard

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

Materiality

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

Quantitative

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

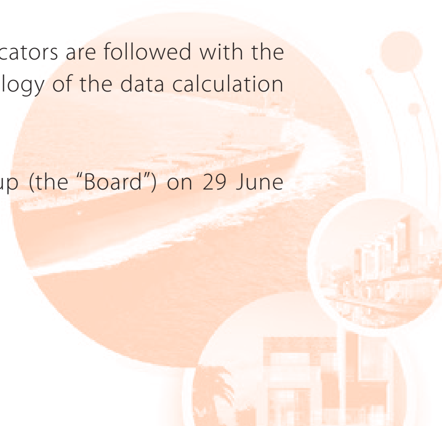
Balance

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

Consistency

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

The ESG Report has been reviewed and approved by the board of directors of the Group (the "Board") on 29 June 2023.



Contact and Feedback

We value input and suggestions from our stakeholders which enable us to enhance our ESG management and performance. If you have any feedback or thoughts about this ESG Report or our sustainability initiatives, please feel free to share them with us via email at info@greatharvestmg.com.

Governance Structure

A comprehensive ESG governance structure is crucial to sustaining the Group's long-term development. The Board is responsible for 1) overseeing the Group's ESG strategies, 2) reviewing progress against ESG-related goals and targets, and 3) formulating a long-term sustainability direction across our entire business chain. As such, it provides strategic guidance on ESG-related issues.

Our ESG Task Force, chaired by our chief executive officer, comprises senior management such as the chief financial officer and company secretary, and representatives from core business segments. The ESG Task Force is responsible for reviewing key international trends in legislation, regulation, and mandatory disclosure requirements pertaining to ESG, and ethical standards of corporate behavior. Based on the determined ESG strategies, the ESG Task Force recommends anticipatory measures and action plans. Furthermore, our ESG Task Force oversees stakeholder communication in relation to ESG issues by identifying, evaluating, and managing material ESG-related issues, and preparing for ESG reporting disclosure.

The operational departments are responsible for executing the ESG-related action plans proposed by the ESG Task Force in their daily operations. They also support stakeholder engagement activities and track performance progress and achievements in terms of the determined ESG objectives and initiatives.

Stakeholder Engagement

We acknowledge that honest and clear communication with our stakeholders is essential for us to understand their needs and expectations in relation to our business operations. By engaging with our stakeholders, we can identify their key concerns and exchange new ideas and knowledge to improve our ESG management approaches. To achieve this, we maintain regular communication with our key stakeholders, including clients, employees, government and regulators, shareholders and investors, business partners, industry associations, bankers, and communities. Through a variety of communication channels, we address stakeholders' concerns promptly and follow up with appropriate actions. The following table outlines the communication channels we utilize to engage with our stakeholders and respond to their expectations and concerns.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

Materiality Assessment

During the Year, we conducted a materiality review with the assistance of an independent consultant. Our aim was to gain a better understanding of our stakeholders' perceptions concerning the progress of our sustainability initiatives, as well as their evolving expectations and priorities for the future. These insights have enabled us to improve our decision-making processes, accountability, and business practices, as well as refine our ESG strategy and focus areas to align with the latest market trends. Our materiality assessment followed a four-step process, which is outlined below:

Process of materiality assessment

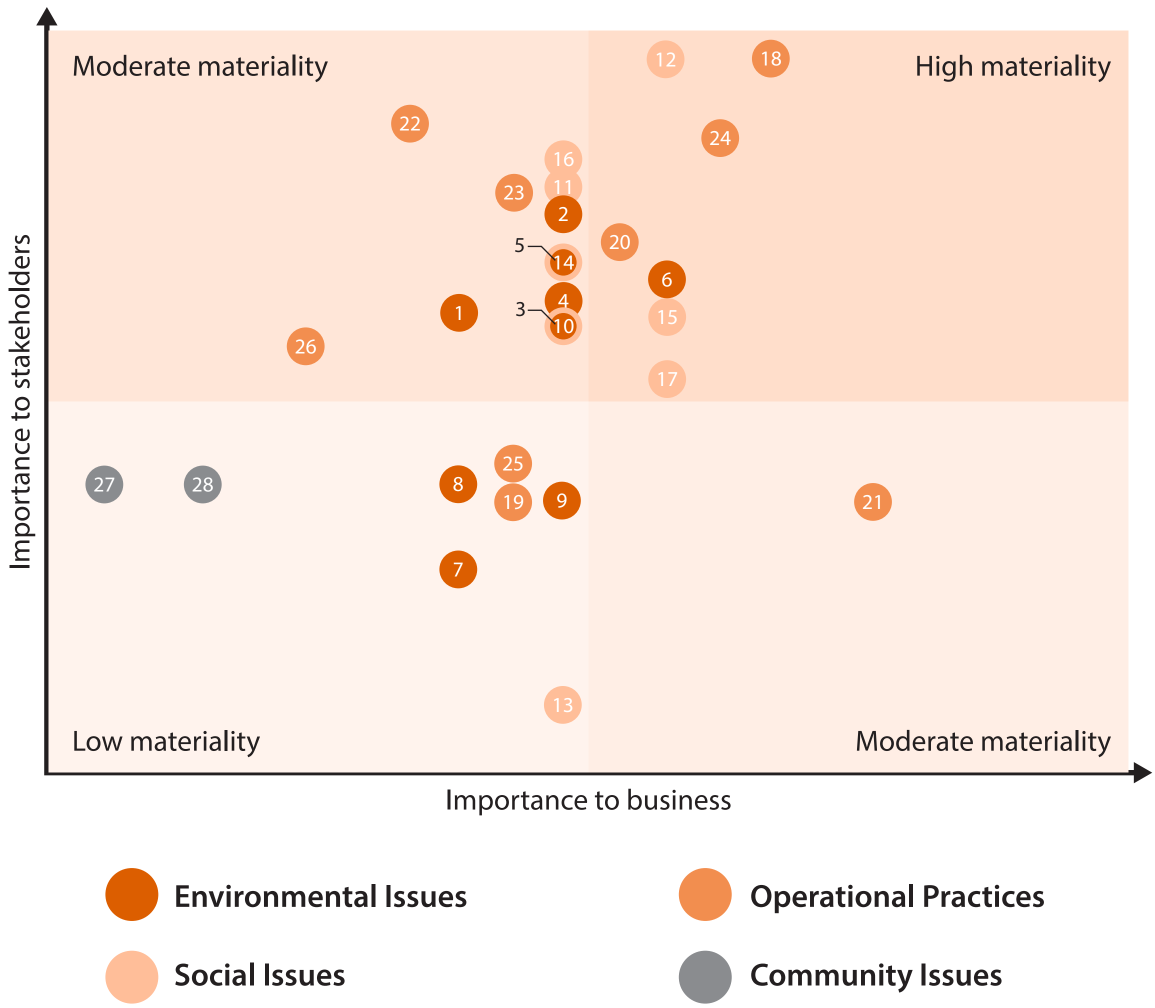
1	**Identification**	We conducted a thorough review of ESG topics that align with our ESG management approach from previous years. In addition, we identified new topics that align with global sustainability megatrends in the industry, peer practices, and reporting standards set by the Stock Exchange and other international organizations.
2	**Engagement**	We gathered feedback and opinions from our internal and external key stakeholders through an online survey. Our key stakeholders included, but were not limited to, the Board, shareholders and investors, employees, clients, government and regulators, business partners, industry associations, bankers, and communities. We utilized a double materiality approach for the materiality assessment, whereby we sought both the qualitative and quantitative input of stakeholders on the identified ESG topics, taking into account their relevance to both the stakeholders and our business.
3	**Prioritisation**	We conducted an analysis of the priority of each ESG topic based on feedback from stakeholders via surveys. This analysis took into consideration our business operations, industry development trends, and ESG-related standards and guidelines. The results of this analysis allowed us to create a materiality matrix that identifies the most significant ESG topics that require our attention.
4	**Validation**	We undertook a validation process to ensure the list of material ESG topics presented to the Board and senior management is accurate and relevant. The materiality matrix serves as a valuable tool in guiding our ESG strategy and decision-making processes. It enables us to focus our resources and efforts on the ESG topics that matter most to our stakeholders and align them with our business objectives.

As part of our ongoing commitment to responsible business practices, we have taken into account the latest market trends and carefully considered the feedback we received from our recent stakeholder survey. Based on this information, we have updated our materiality matrix to reflect the most pressing environmental, social, and governance issues facing our industry.

After careful analysis, we have identified Water and Wastewater Management, Employee Communication, Occupational Health and Safety, Elimination of Child and Forced Labor, Corporate Governance, Service Quality, and Critical Incident Risk Management as the material topics that we will be focusing on this year in our ESG management efforts.

We believe that by prioritizing these issues, we can make meaningful progress towards achieving our sustainability goals while also creating long-term value for our stakeholders. As always, we remain committed to transparency and accountability, and we will continue to monitor and report on our progress in these key areas.

Materiality Matrix of the Year



Environmental Issues

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

Social Issues

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

Operating Practice

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

Community Issues

27. Community engagement and investment
28. Industry engagement

Laws and Regulations relating to Vessel Operation

As a leading provider of dry bulk vessel chartering services, the Group offers marine transportation services to clients worldwide by chartering out our vessels for the transportation of dry bulk cargoes. Our vessels are required to comply with the laws and regulations of the countries where they operate, including the requirements of international conventions for vessel operation. These laws, regulations, and rules govern various aspects of vessel operation, including but not limited to legal requirements, technical standards, and Health-Safety-Environmental (HSE) procedures. We prioritize compliance with these regulations to ensure safe and responsible vessel operation. The following outlines the key regulations that our operations comply with:

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

  MARPOL is a global agreement that regulates the discharge of harmful substances and pollutants from ships. It aims to protect the marine environment and human health by promoting sustainable shipping practices and reducing pollution from vessels. It covers various types of pollutants, including oil, noxious liquid substances, sewage, garbage, and emissions from ship exhausts.

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

  STCW Convention sets out standards for training, certification and watchkeeping for seafarers working onboard, especially for the vessels which operate on international voyages. It aims to ensure that seafarers have the necessary skills and knowledge to perform their duties safely and efficiently, leading to increased safety and security at sea. In accordance with this convention, vessels owned by the Group are required to be manned by sufficient officers and crew possessing sufficient sea time. Each of them must be trained and qualified accordingly to perform their respective duties on board.

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

  COLREGS establishes rules to prevent collisions between vessels at sea. It covers various aspects of navigation, such as the use of lights and signals, the right of way, and sound signals. It also aims to promote uniformity in the application of these rules to ensure that all vessels, regardless of their flag state or nationality, operate under the same standards, reducing confusion and enhancing safety in international waters.

- **International Convention on Load Lines ("ICLL")**

  ICLL provides regulations for the design and construction of ships, focusing on their safety and seaworthiness. The convention sets standards for the maximum load a ship can carry in different conditions, such as temperature and sea state, to ensure its stability and safety. It aims to prevent accidents and improve the safety of ships and their crews.

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

  ISM Code provides a framework for the safe and environmentally responsible operation of ships. The code requires ship owners and managers to establish and maintain a safety management system that includes policies and procedures for the safe operation of ships and the prevention of pollution. It also aims to improve safety at sea and reduce the environmental impact of shipping.

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

  It sets out safety requirements for ships operating in HKSAR waters, such as safety equipment, crew competency, and vessel construction and maintenance. The ordinance also establishes regulations for the prevention of pollution and the investigation of marine accidents, promoting the safety and protection of the marine environment in HKSAR.

We have ensured compliance with the relevant requirements under the ISM Code and MARPOL by maintaining the necessary certificates issued by the American Bureau of Shipping and Lloyd's Register of Shipping for each of the Group's vessels. These certificates demonstrate our commitment to controlling air, oil, and other forms of marine pollution. During the Year, we have not been aware of any significant breaches of laws and regulations related to environmental protection and health and safety management in our vessel operations. We remain committed to upholding high standards of environmental and safety practices in our operations, and we will continue to monitor and improve our performance in these areas.

Our Employees

The Group strives to provide a safe and harmonious workplace that encourages continual improvement among staff members. During the Year, we continued to offer attractive remuneration packages, various employment benefits, as well as training opportunities to our employees. We strongly believe that our efforts to improve employee welfare can help retain talents across the Group and boost staff motivation, which are integral factors behind the success of our business.

Guided by our human resources management policies, we have also strictly complied with all relevant employment and labour laws and regulations in Hong Kong and the PRC. They include the Employment Ordinance (Cap.57) of Hong Kong, Employees' Compensation Ordinance (Cap.282) of Hong Kong, Mandatory Provident Fund Schemes Ordinance (Cap.485) of Hong Kong, Minimum Wage Ordinance (Cap.608) of Hong Kong, the Labour Law of the PRC, the Labour Contract Law of the PRC, Law of the PRC on Protection of Minors and Regulations on Prohibiting Use of Child Labour, etc.

Employment and Labour Standard

The Group offers competitive remuneration and benefits packages for our full-time staff in Hong Kong and the PRC. Apart from a fixed monthly salary, a range of benefits such as leave from work, fixed working hours, allowances, medical insurance, discretionary bonus and Mandatory Provident Fund Schemes or social insurance coverage are also included in the package. Aside from annual leaves and statutory leaves, all employees are entitled to marriage leave, maternity leave, paternity leave, sick leave and compassionate leaves as well. Meanwhile, social insurance consists of pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing funds for eligible staff. Share options may also be granted to eligible employees as a form of reward.

The remuneration and benefits package is reviewed regularly such that it is in line with the prevailing market practices and conditions, ensuring that all employees receive fair compensation for their contributions.

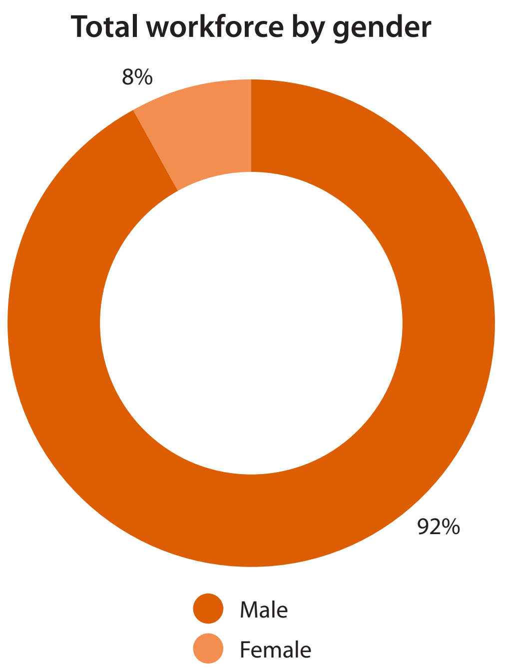
The Group demonstrated a flexible approach to managing crew members when COVID-19 posed a challenge to our business operations during the Year. With crew relief delayed as borders remained shut and international travel halted, we extended contracted employment with the crew members where applicable and awarded a bonus to the crews that remained on board, with a sum of half of their basic salary pro-rated.

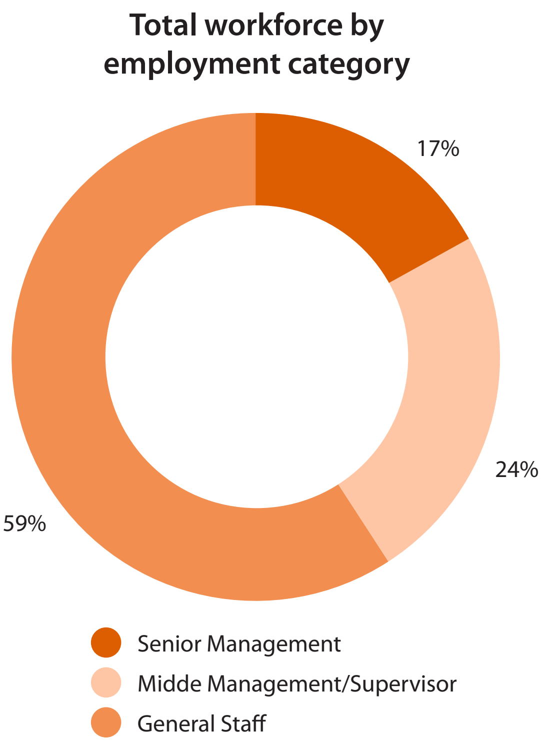
We have formulated human resources management policies to improve diversity, inclusion and equality in our workplace. It ensures all employment-related issues, including recruitment, transferal, promotion, training, performance review and dismissal, are treated fairly without any form of discrimination against employees and job candidates on their gender, age, family status, sexual orientation, disability, race, and religion. The Group also prohibits any unlawful harassment in the workplace. We strongly promote and value individuality and diversity among our employees, recognizing that unique perspectives and experiences can lead to fresh ideas and enhanced dynamics within our operations. This philosophy is fundamental to our commitment to optimizing our competitive advantages.

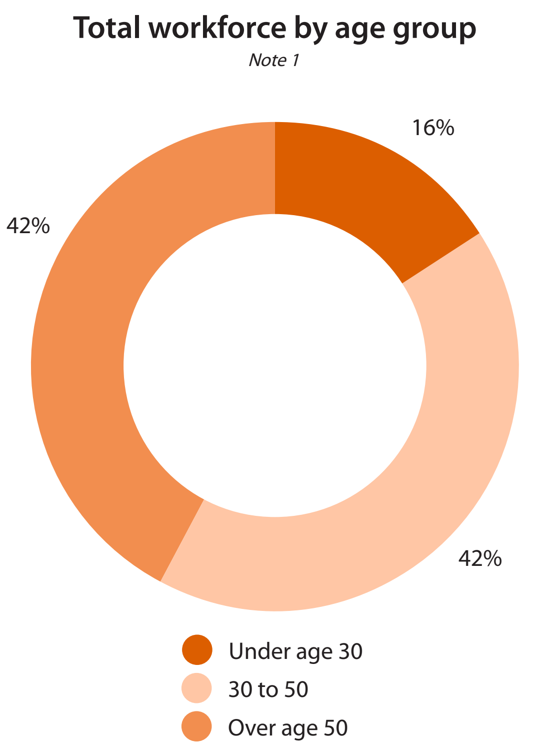
To safeguard human rights, we follow relevant laws on the eradication of child and forced labour, as well as implement a rigorous screening process during hiring. All job candidates and employees are required to provide accurate personal information, academic qualification and job reference records to verify their eligibility for work in their corresponding positions. We also conduct regular reviews of the employment practices of supply chain partners. Any supplier and contractor that is found to be using child labour or forced labour will have its business relationship with the Group terminated to protect human rights.

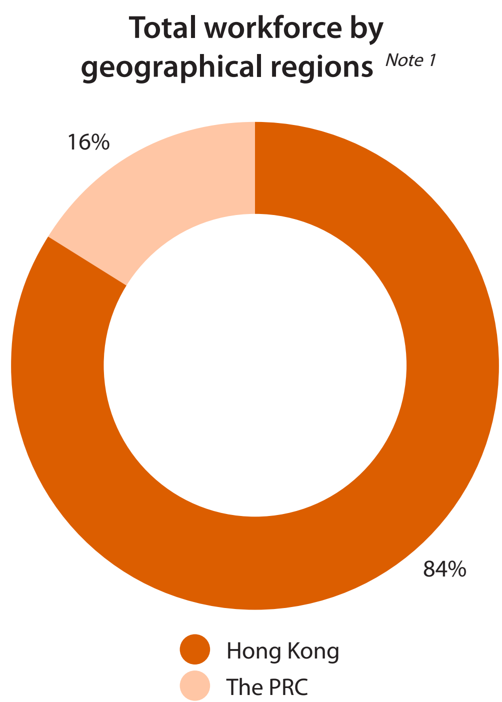
Employment Profile

As of 31 March 2023, the Group had 103 full-time employees. The breakdown of the total workforce regarding gender, employee category, age group and geographical region are shown below.









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

Turnover rate (%) [Note 2]	2021/22	2022/23
By Gender		
Male	36	13
Female	22	10
By Age Group		
Under age 30	0	0
30 to 50	36	21
Over age 50	25	0
By Geographical Region		
Hong Kong	35	6
The PRC	25	29

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

Health and Safety

A healthy and injury-free workplace is essential for our staff to excel in their roles across all types of workplace environments. From our offices to our vessel fleet, we have always stressed the importance of occupational health and safety and have made every effort to create an environment that promotes employee well-being.

Our employee manual lists out practices that can foster employee safety and well-being. During the Year, the Group has complied with the Occupational Safety and Health Ordinance (Cap.509) of the HKSAR, the Work Safety Law of the PRC, and the Law of the PRC on the Prevention and Control of Occupational Diseases. We proudly announce that there were no work-related fatalities or lost days due to work injuries during the Year.

Crew Safety

To improve occupational health and safety for our crews, the Group continued to engage an experienced contractor to provide maritime services, including crew and shipment management as well as monitoring shipboard operation to ensure safety. Together with the contractor, we have implemented a set of safety policies and management procedures to identify and mitigate safety risks, which covers:

- Safety and environmental protection policy;
- Instructions and procedures to ensure safe operations of ships and protection of the environment in compliance with relevant international and relevant flag states' legislation;
- Procedures for reporting accidents and non-conformities with the provisions of the ISM Code; and
- Procedures for emergency preparedness and response.

Proper training and obtaining relevant qualifications before working onboard, to ensure vessel operation of each of the Group's vessels have complied with the requirements of the ISM Code.

Office Safety

Even as onshore offices involve fewer safety hazards, the Group has also sought to minimize office health risks and raise awareness of workplace health and safety to prevent accidents, work-related injuries, and the spread of infections. Key health and safety measures implemented in offices:

- Prohibit smoking and alcohol and drug abuse in the workplace;
- Attach posters of proper working postures and lifting methods at appropriate locations in offices to remind employees to adopt the correct posture for manual handling operations;
- Provide adjustable chairs and monitors for eye protection;
- Establish a reporting mechanism for workplace hygienic issues;
- Install air purifiers in relatively crowded areas such as conference and meeting rooms; and
- Maintain good housekeeping in working and office areas such as corridors and pantry.

Staying Alert to COVID-19 Risks

As the world emerges from the COVID-19 pandemic, the Company continues to stay alert to the infection risk while returning to normalcy. With our crew members inhabiting a closed space, it is paramount that we follow the comprehensive COVID-19 Prevention & Outbreak Management plan in all vessels. The plan serves as a guide for:

- Hygienic practices to protect seafarers from COVID-19;
- Provision of safety training and safety measures to seafarers and new crews when they attend the vessel or sail with the vessel; and
- Contingency plans when suspected cases are discovered on board and procedures to respond and recover from any outbreaks of disasters.

Meanwhile, in our onshore operations, a separate set of response plans and COVID-19 pandemic preventive measures were implemented. To provide a hygienic environment, all office carpets, air-conditioning, and office facilities are disinfected regularly by professional cleaning and disinfection service providers.

Fire Safety and Security

To equip employees with the ability to respond promptly to a fire emergency, they are regularly asked to participate in fire drills and emergency evacuation drills organised by the property management company. A task force has been formed to oversee issues such as office security, fire safety, electrical safety, etc.

	2020/21	2021/22	2022/23
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0
Number of injuries at Work	0	0	0
Lost days due to injury at work	0	0	0

Our health and safety measures are regularly reviewed to ensure they are kept up to date with the current social situation and industry standards.

Development and Training

The Group strives for excellence in business growth and performance with our team of talents and professionals. All employees are provided with training and development opportunities to acquire the professional skills necessary to meet the industry's changing requirements. The Group identifies the training needs of our employees through performance appraisals and creates training programs accordingly. We strongly believe that staff training and development would provide our employees with the necessary knowledge and skills to effectively perform their job duties, which is crucial in achieving our corporate goals.

To ensure that new employees become acclimated to their work and understand their position responsibilities, we provide personalized mentorship and orientation programs. This approach is integral to our commitment to supporting our employees and promoting a positive and productive work environment. Directors and senior management are required to attend training courses and seminars on topics covering governance and management, such as corporate governance, ethics and integrity, risk management, legal and regulatory requirements, and occupational safety. It strengthens the knowledge of corporate leaders and their abilities to lead and manage teams in ways that best contribute to the Group's interests.

The Group offers training programs by external organizations to retain the necessary professional credentials and skills of pertinent employees. Additionally, subsidies are provided to eligible workers to support their pursuit of lifelong learning.

Apart from the office staff, the Group encourages our seafarers to obtain relevant certificates and receive maritime training to acquire technical and professional skills for daily operation under the requirements of the STCW Convention. We prioritize safety training for our vessel operators and safeguard the highest safety standards.

Development and Training Profile *Note 3*

	2021/22	2022/23
Total hours of employee training	32.5	61.1
Percentage of employees who received training	8	21
Average hours of employee training	2.5	3.2

	2021/22		2022/23	
	Percentage of employees trained (%)	Average training hours (hours/employee)	Percentage of employees trained (%)	Average training hours (hours/employee)
By gender				
– Male	13	4.1	18	3.1
– Female	0	0	25	3.4
By employment category				
– Senior Management	50	16.25	40	9.8
– Middle Management/Supervisor	0	0	40	2.4
– General Staff	0	0	0	0

Note 3: The figures have covered only the employees of onshore staff, and staff stationed for property investment and development in the PRC.

Operating Practices

We are dedicated to integrating sustainability into our core business values as part of our corporate responsibility across the Group. We strive to promote sustainable practices and policies across all aspects of our operations, and we encourage our business partners to do the same to foster a culture of sustainability.

Supply Chain Management

The Group devotes great efforts to maintaining close collaboration and lasting relationships with our business partners, to facilitate business continuity and ameliorate our service quality. The Group has implemented a supplier management system for our suppliers to review the business capability, material supply and service quality, covering both contractors for vessel assets and technical management, and office appliance suppliers. The supplier management system facilitates the Group to evaluate the suppliers' qualifications, regulatory compliance, safety management, corporate background and reputation during the supplier selection process, other than solely considering the price. Inspection and assessments may be conducted by the Group if deemed necessary. We are obliged to terminate the cooperation contract with suppliers that may cause or have caused severe environmental or social accidents.

The Group encourage our aspiring business partners to take the initiative to endorse environmental and social conservation practices, which may include employment practices, human rights protection, environmental, health and safety management etc. We highly appreciate suppliers and service contractors for their attempt to achieve and demonstrate their sustainability leadership.

During the Year, the Group engaged a total of 21 suppliers which were mainly located in Hong Kong.

Supplier Profile

Country/City	2022/23
Hong Kong	18
The PRC	1
Germany	1
US	1

Product Responsibility

The Group constantly communicates with our clients to satisfy their requirements and expectations. During the Year, there were no confirmed incidents of non-compliance with relevant laws or regulations, which have a significant impact on the Group. We endeavour to safeguard the highest standard of product and service provision by adopting product quality management.

Chartering out of dry bulk vessels

All of the Group's vessels are rented out on a time charter basis. The Group is responsible for the vessel technical and maintenance management for the charterers, to safeguard the operational condition and safety. Regular vessel maintenance and repairs are to be carried out by qualified contractors in accordance with applicable international conventions, laws, regulations, and manufacturer requirements. This rigorous approach helps us to ensure the complete safety and reliability of our vessels.

Property development and investment

The Group would promise to comply with relevant laws and regulations associated with building construction, advertising, labelling and consumer protection to safeguard the quality and safety of promotions, which include the Construction Law of the PRC, Product Quality Law of the PRC, Consumer Protection Law of the PRC and the Advertising Law of the PRC. No false or misleading messages in our advertisements and promotion activities would be delivered to the public.

Feedback management

Various communication channels, including telephone hotline, emails and the Company's website, are provided for clients to raise their suggestions and concerns regarding our quality of service. The Group ensures client needs and complaints would be treated sincerely to enhance our services in the future. During the Year, no complaints regarding the quality of services had been received.

Protection of Data Privacy and Security

The Group is committed to protecting the data privacy of our employees and clients. The Group makes every effort to protect data privacy and comply with the relevant laws and regulations such as the Personal Data (Privacy) Ordinance (CAP. 486) of Hong Kong and the Data Security Law of the PRC. Under the confidentiality obligations outlined in the Employee Handbook and employee contract, our employees are required to strictly comply with the relevant regulations, and carefully manage corporate confidential information, including but not limited to trade secrets, employee personal data, client information and financial budgets. For example, employee individuals are prohibited to use any confidential information for any purpose or disclose to any unauthorised parties without prior approval by the Group. Additionally, all data is encrypted in the internal system to avoid unauthorized information leakage or unintended access, processing, erasure, or other uses. During the Year, the Group did not identify any material non-compliance with the laws and regulations related to data privacy.

Anti-corruption

The Group values business integrity and commits to following a strict code of ethics in the workplace. We have zero tolerance for any kind of bribery or corrupt behaviour and launched a series of anti-fraud and anti-bribery policies to ensure all business activities are fair and honest in our corporate culture. We restrict our employees to comply with the applicable laws and regulations such as the Prevention of Bribery Ordinance (CAP.201) of HKSAR, the Criminal Law of the PRC, and the Regulations of the PRC for Suppression of Corruption. For instance, all forms of bribery and corruption, including soliciting, accepting or giving bribes from business partners or customers, or abusing positions of power for personal interests in business relationships, are strictly prohibited.

In order to avoid any misconduct, malpractice, impropriety, unethical or unfair treatment, we encourage our employees to inform any suspected cases through our established communication channels pursuant to the Company's whistleblowing policy. We take all reported instances seriously and our Audit Committee places a high value on such reports. The Audit Committee conducts thorough investigations and verifications for each case with the utmost attention and care to ensure that any issues are addressed promptly and appropriately. Our commitment to transparency and accountability is integral to our values and guides our approach in all matters. The Group strictly keeps the details of cases, including the identity of whistle-blowers, in confidential manner against any reprisal and victimisation. Depending on the severity of the situation, our Audit Committee will decide whether the Group should refer to the judiciary authorities for further investigation and action.

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

Our Environmental Stewardship

We recognize the importance of environmental sustainability and its impact on our long-term growth. We are committed to implementing sustainable business practices that incorporate environmental considerations into our daily operations. We strive to optimize our environmental performance by complying with all relevant regulatory and legislative environmental requirements and continuously improving our environmental management systems.

In order to minimize compliance risks, we have evaluated the impacts of recently released international conventions and environmental protection laws and regulations on our dry bulk vessel operation, property development and investment. The regulations evaluated include MARPOL, ISM Code, the Waste Disposal Ordinance (CAP 354) of HKSAR. Various environmental protection laws of the PRC are also taken into the account, for example the "Environmental Protection Law of the PRC", "Prevention and Control of Atmospheric Pollution of the PRC", "Prevention and Control of Water Pollution of the PRC", "Prevention and Control of Environmental Pollution by Solid Waste" and "National Environmental Emergency Response Plan". We have integrated relevant requirements into our management system for energy consumption, air and greenhouse gas ("GHG") emissions, waste disposal, and other materials usage to reduce emissions and natural resource usage.

During the Year, the Group has remained in compliance with all relevant legal and regulatory requirements and has not been aware of any violations regarding environmental concerns such as air and greenhouse gas emissions, discharge into water and land, or the generation of hazardous and non-hazardous waste. We remain committed to upholding high standards of environmental performance and compliance in our operations and will continue to monitor and improve our performance in these areas.

Air Emissions

When providing chartered vessels for the transportation of dry bulk cargoes, fuel combustion for vessel transportation can result in the release of significant air pollutants such as Nitrogen Oxides (NOx) and Sulphur Oxides (SOx). Hence, we place a high priority on ensuring that our vessels comply with air emission standards outlined in both international conventions and the applicable laws and regulations of the regions where we operate.

We recognize that NOx and SOx emissions pose significant environmental risks. Therefore, we have taken proactive measures to ensure that all engines installed on our dry bulk vessels, including main and auxiliary engines, comply with the emissions limit outlined in the revised NOx Technical Code 2008. We regularly monitor and record vessels' rated power and speed to ensure that NOx emissions fall within the stipulated limit or, if necessary, prompt maintenance of vessels is conducted to keep emissions in check.

As global air emission standards for vessel operation continue to tighten, we are committed to complying with following regulations that govern our industry with the target to further reduce emissions. For instance, we use only low-sulfur fuel oil with a sulfur content lower than 3.50% m/m (before 1 January 2020) or 0.50% m/m when operating outside of an Emission Control Area. Similarly, no more than 1% m/m (before 1 January 2015) or 0.10% m/m is permitted when operating inside an Emission Control Area, as specified in regulation 14.3 of Annex VI to the MARPOL Convention. We maintain in strict compliance with these regulations, and during the Year, we recorded no incidents related to air emissions.

Despite the challenging and unpredictable shipping demand caused by changes in macro-economic environment, we remain committed to monitoring the level of air emissions for our dry bulk shipping operations and reducing air emissions progressively. Although we did not set any quantitative targets for the Year, we maintain a continuous focus on improving our environmental performance and contributing to sustainable shipping practices.

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

	Unit	2021/22	2022/23
Nitrogen oxides (NOx)	kg	1,870,225.5	1,440,189.8
Sulphur oxides (SOx)	kg	1,597,430.2	1,414,008.2
Particulate matter (PM)	kg	132,071.4	105,273.5

Waste Management

Hazardous Waste

Vessel operation and maintenance are associated with the generation of hazardous waste such as oil rag and waste engine oil due to the nature of the activities involved, including fuel and oil storage and transfer, machinery maintenance, and cargo handling. To prevent hazardous waste pollution, waste generated during vessel operation and maintenance are appropriately sorted and stored in designated containers to prevent leaks and mixing with non-compatible waste. Nevertheless, our vessel operation contractor is responsible for the disposal and consignment of the aforementioned hazardous waste to licensed waste collectors for proper handling and treatment.

The Group places also a high priority on ensuring that all seafarers are adequately trained in safety procedures for handling hazardous waste. We work with our contractors to ensure that they have formulated corresponding emergency response plans to manage any potential incidents.

We understand the importance of proper waste management and strive to implement best practices across all our operations. Our office operation generates a limited amount of hazardous waste, such as toners. Our service provider is responsible for recycling the toner cartridges, thereby contributing to our efforts to reduce our environmental footprint. By doing so, we aim to contribute to a cleaner and healthier environment, both on land and at sea.

	Unit	2021/22	2022/23
Toners	piece	12	12

Non-hazardous Waste

In the course of our operation, we generate domestic waste, the majority of which consists of recyclable materials such as paper, glass bottles, and plastics. To promote proper waste management and achieve our waste reduction targets, we have implemented several measures. For instance, we encourage our employees to reduce printing, use e-fax, and reuse single-sided paper. Facilitating proper waste management, we have established a system for separating and consigning recyclable materials to the property management company for recycling. Additionally, we have limited the supply of single-use disposable items to prevent unnecessary waste of materials.

Our commitment to minimizing waste extends beyond compliance with legal and regulatory requirements. We strive to implement best practices in waste management across all our operations, thereby contributing to a cleaner and more sustainable environment.

	Unit	2021/22	2022/23
Domestic waste	kg	5,200	5,200

The Group will continue to monitor the waste production and review the effectiveness of the current waste policies and measures based on its reduction and recycle performance, so as to set waste reduction targets and implement more effective waste reduction plans.

Use of Resources

We are committed to handling waste wisely and reducing our waste to the lowest possible extent. To achieve this goal, we advocate for green office practices that align with the 4R principles: "Reduce", "Reuse", "Replace", and "Recycle". By following these principles, we can cut down waste at its source and promote sustainable operations. We also recognize the importance of instilling the concept of resource optimization in our employees and business partners. By fostering a culture of environmental responsibility, we can work together to minimize adverse environmental impacts along our value chain.

Energy Use and GHG Emissions Management

Fuel oil and electricity are the Group's primary sources of energy consumption. To reduce GHG emissions, we have implemented various energy-saving practices, such as placing signage and posters near office equipment and working areas to raise employees' environmental awareness and highlight the importance of energy conservation.

We employ several measures to conserve energy, including but not limited to:

- Maintain an energy-efficient indoor temperature of 24-26 degrees Celsius;
- Create an operation schedule that includes on-off and zoning control of lighting and ventilation systems in the workplace;
- Instruct employees to switch off machines and devices when leaving or when they are idle;
- Procure energy-efficient electrical appliances that have a Grade 1 energy label;
- Reduce business-related travel by adopting video conference calls;
- Attach "Green Message" reminders to office equipment and workspaces to raise employees' environmental awareness;
- Replace old, inefficient lighting with energy-efficient LED luminaires in our offices; and
- Upgrade old, energy-intensive air handling units and other office equipment with more efficient models to reduce electricity usage.

The below table summarized the Group's energy use and GHG emissions during the Year:

Energy Consumption	Unit	2021/22	2022/23
Fuel Oil	Metric Tonne ("MT")	22,693.2	20,098.4
	Megawatt hour ("MWh")	268,094.5	237,440.9
Marine Gas Oil	MT	891.1	711.7
	MWh	11,202.4	8,948.2
Total	MT	23,584.2	20,810.2
	MWh	279,296.8	246,389.1
Intensity	MWh/miles	1.3	1.3

GHG Emissions	Unit	2021/22	2022/23
Scope 1 Direct emissions Note 4	tonne of carbon dioxide equivalent ("tCO_2e")	108,993.3	107,369.6
Scope 2 Energy indirect emissions	tCO_2e	N/A	N/A
Total GHG emissions	tCO_2e	108,993.3	107,369.7
Intensity	tCO_2e/miles	0.49	0.55

Note 4: Scope 1 Direct emissions data for FY2021/22 has been restated to reflect an update in our calculation method and conversion factor. This change has been made to ensure the accuracy and consistency of our emissions reporting.

The Group will continue to review the performance of various resources on a regular basis, and formulate relevant energy conservation and emission reduction plans and specific carbon reduction targets.

Water Consumption

The Group is committed to water conservation and reduction in water consumption, and encourages all employees to use water resources efficiently. To promote this goal, we have implemented several measures to alert our colleagues on water-saving:

- Place water-saving signage in pantries and washrooms;
- Instruct employees to tighten taps to prevent dripping;
- Conduct regular inspections of water facilities to detect and fix leaks promptly; and
- Promptly report any water pipeline leaks to the property management company to ensure timely repairs.

During the Year, the Group did not encounter any issues with sourcing water that is fit for purpose in our offices, as it is directly supplied by local water authorities. Additionally, the water charges for our Hong Kong and PRC offices are covered by the landlord, and therefore, we do not have access to water consumption data for disclosure purposes.

Paper Consumption

To optimize paper consumption and reduce our environmental impact, the Group is dedicated to promoting paperless operations in our offices. Therefore, we recommend various measures such as using electronic communication and document circulation, double-sided printing, and reusing single-sided paper for printing or drafting. These practices help minimize paper usage and support our commitment to sustainability.

	Unit	2021/22	2022/23
Paper	kg	149.7	137.7

The Environment and Natural Resources

Vessel shipping has a significant impact on the marine environment and can lead to various adverse effects, such as oil and chemical spills, pollution from the use of antifoulants, the risk of ship grounding or sinking, and the release of ballast water containing invasive aquatic species. To minimize the impact of shipping activities on the marine environment, the Group emphasizes the importance of proper vessel maintenance and operation. Our engaged contractors are required to establish a comprehensive maintenance system that covers planning, execution, and recording of vessel maintenance at regular intervals. This system is formulated to ensure that all maintenance activities comply with class and manufacturer requirements, guaranteeing vessel safety and reliability while reducing the risk of environmental and safety incidents.

As part of our commitment to environmental sustainability, the Group strictly adheres to all international regulations and the safety and environmental objectives of the ISM Code. To further mitigate environmental risks associated with our business, we expect our contractors to conduct mandatory demonstrations of their environmental and safety management systems. This proactive approach enables us to maintain high standards of environmental responsibility and minimize the impact of our operations on the marine ecosystem.

Moreover, we prioritize the safety and quality of our vessels and obtain oil pollution prevention certificates for all of them. These certificates assure the structural integrity, equipment, fittings, arrangement, and materials of our vessels before they are chartered out to our business partners, ensuring that our vessels meet the highest standards of safety and quality.

Our awarded certificates are summarized below:

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

In addition, we provide our crews with comprehensive training and regularly assess our pollution prevention measures, thereby ensuring the safety and reliability of our vessels while minimizing the risk of environmental and safety incidents.

Climate Change

As the threat of climate change continues to loom large, it is critical that we take action to mitigate and adapt to the potential impacts of the identified physical and transition risks. With extreme weather events becoming increasingly severe and frequent, it is our ultimate responsibility to manage climate risk in order to safeguard our planet and protect the well-being of future generations. By managing climate risk, we can help to reduce these impacts and build resilience in the face of an uncertain future, positioning ourselves for long-term success and creating value for all of our stakeholders.

Physical Risks

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

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

Transition Risks

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

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

Our Responses

The Group has taken proactive steps to formulate mitigation strategies and measures to cope with the potential adverse impacts of climate change. For instance, we have integrated safety management guidelines for vessel operations during adverse weather events, and developed contingency plans to minimize physical damages to vessels and avoid additional operating and maintenance costs. We understand that extreme weather conditions can disrupt our business operations, and hence, we have put in place robust contingency plans to mitigate such risks.

Moreover, we continuously seek opportunities to optimize the energy efficiency of our fleets and evaluate the feasibility of adopting potential green fuels like ammonia and methanol for shipping. We understand that reducing our carbon footprint is crucial to mitigate the long-term impacts of climate change. We regularly analyze the local and international market and regulatory context, and keep ourselves updated with relevant policies and market news to stay abreast of the latest developments in the field of sustainable shipping.

Our Community

The Group contributes to the community by supporting various community projects. By shouldering corporate social responsibility, we not only build a more equitable future for Hong Kong, but also engage more deeply with those we care about.

Supporting Transitional Housing

The Group is steadfast in supporting Pok Oi Hospital's endeavour to develop and operate transitional housing with developer Henderson Land Group. We believe the Pok Oi Kong Ha Wai Village project can provide short-term housing solutions to underprivileged groups, greatly enhancing their standard of living while the government increases the long-term housing supply. Our chief executive officer also visited the site and the residents on two separate occasions to express our care to the new occupants. An art event was held at the site to attract public attention to the housing project and foster social bonds within the community.

Visit to Kong Ha Wai Village and home visits

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

Kong Ha Wai Village transitional housing project completion ceremony

The Pok Oi x DC Charity Foundation Event was held in October 2022 to promote the Pok Oi Kong Ha Wai Village transitional housing project. The art event brought together nearly 50 children living in the Kong Ha Wai Village and young students to decorate the Drago Cavallo, a hybrid of dragon and horse which reflects Chinese cultural characteristics.

The event ended on a joyous note after young participants unleashed their creativity and found new ways to express themselves through art. Overall, the activity brought people from different sectors together and enhanced parent-child relationships as participants spent their day together designing the mystical creature.

Pok Oi x DC Charity Foundation Event

Charitable Events

Furthermore, the Group actively participated in charitable events to raise funds for Pok Oi Hospital such that patients from different income groups can receive appropriate and timely medical treatment. Most notably, the Pok Oi Charity Show 2023 featured dance and music performances and raised over HK$12 million.

Pok Oi Charity Show 2023

The Group will continue to support social welfare and community programmes that connect our business with members of the public. We will strengthen our corporate social responsibility actions by participating in more diverse events in the future.

Performance Data Summary

Environmental Performance

	Unit	2021/22	2022/23
Emissions[1]			
Nitrogen oxides (NOx)	kg	1,870,225.5	1,440,189.8
Sulphur oxides (SOx)	kg	1,597,430.2	1,414,008.2
Particulate matter (PM)	kg	132,071.4	105,273.5
Total GHG emissions[2]	tCO_2e	76,373.2	107,369.6
– Scope 1 emissions	tCO_2e	76,373.2	107,369.6
– Scope 2 emissions	tCO_2e	N/A	N/A
Waste			
Hazardous waste (Toner)[3]	piece	12	12
Non-hazardous waste (Domestic waste)[4]	kg	5,200	5,200
Resource use[5]			
Energy			
– Fuel oil	MWh	268,094.5	237,440.9
– Marine gas oil	MWh	11,202.4	8,948.2
Total Energy Consumption	MWh	279,296.8	246,389.1
Energy Intensity	MWh/miles	1.3	1.3
Paper[6]	kg	149.7	137.7

Social Performance

Employee Profile

	Unit	2021/22	2022/23
Employee profile[7]			
Total workforce	Number	88	103
Employees by gender			
Male	Number	83	95
Female	Number	5	8
Employees by employment type			
Full-time	Number	88	103
Part-time	Number	0	0
Employees by employee category			
Senior	Number	14	17
Middle	Number	25	25
General staff	Number	49	61
Employees by age[8]			
Under 30	Number	1	3
Age 30-50	Number	6	8
Over age 50	Number	6	8
Employees by geographical region[9]			
Hong Kong	Number	9	16
The PRC	Number	4	3
Employee turnover[10]			
By gender			
Male	%	36	13
Female	%	22	10
By age			
Under 30	%	0	0
Age 30-50	%	36	21
Over age 50	%	25	0
By geographical region			
Hong Kong	%	35	6
The PRC	%	25	29

Occupational Health and Safety Profile

	2020/21	2021/22	2022/23
Work-related fatalities	0	0	0
Work-related accidents	0	0	0
Lost days of work-related injury	0	0	0

Development and Training Profile[10]

Employee Training	2021/22	2022/23
Total hours of employee training	32.5	61.1
Percentage of employees who received training	8	21
Average hours of employee training	2.5	3.2

	2021/22		2022/23	
	Percentage of employees trained (%)	Average training hours (hours/ employee)	Percentage of employees trained (%)	Average training hours (hours/ employee)
By gender				
– Male	13	4.1	18	3.1
– Female	0	0	25	3.4
By employment category				
– Senior Management	50	16.25	40	9.8
– Middle Management/Supervisor	0	0	40	2.4
– General Staff	0	0	0	0

Supplier Profile

Country/City	2021/22	2022/23
Hong Kong	16	18
The PRC	1	1
Germany	1	1
US	1	1

Note:

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

2. The figure is calculated with reference to 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the Environmental Protection Department's "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong".

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

4. The figure only covers the office operation of the business of chartering out of dry bulk vessels in Hong Kong and it is estimated based on the following information:

   The amount of daily waste generation: 20kg; and

   The number of working days for 2021/22: 260; and the number of working days for 2022/23: 260.

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

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

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

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

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

10. The figure only covers the office operation of the business of chartering out of dry bulk vessels in Hong Kong and the business of property development and investment in the PRC.

The Stock Exchange ESG Reporting Guide Index

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

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

ESG Reporting Guide		Section/Explanation
A. Environment		
A1 Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Environmental Stewardship – Air Emissions Our Environmental Stewardship – Waste Management Our Environmental Stewardship – Use of Resources
KPI A1.1	The types of emissions and respective emissions data.	Performance Data Summary
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Our Environmental Stewardship – Air Emissions Our Environmental Stewardship – Use of Resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Environmental Stewardship – Waste Management
A2 Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environmental Stewardship – Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary

ESG Reporting Guide		Section/Explanation
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environmental Stewardship – Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our Environmental Stewardship – Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the business nature, no packaging materials are used in the Group's operations.
A3 The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environmental Stewardship – The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environmental Stewardship – The Environment and Natural Resources
A4 Climate Change		
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Environmental Stewardship – Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Environmental Stewardship – Climate Change
B1 Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Employees – Employment and Labour Standard
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary

ESG Reporting Guide		Section/Explanation
B2 Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Employees – Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Performance Data Summary
KPI B2.2	Lost days due to work injury.	Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our Employees – Health and Safety
B3 Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Employees – Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management/supervisor, general staff).	Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary
B4 Labour Standard		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Employees – Employment and Labour Standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Employees – Employment and Labour Standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Employees – Employment and Labour Standard

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

ESG Reporting Guide		Section/Explanation
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable to the Group, as no intellectual property rights are registered by the Group
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Group
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Product Responsibility
B7 Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices – Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the year and the outcomes of the cases.	Operating Practices – Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practices – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Restricted by the COVID-19 pandemic situation and with our fluid combination of crew members for vessel operation, the Group would consider and look for online training materials or other training channels in the future.
B8 Community Investment		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community

INDEPENDENT AUDITOR'S REPORT

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

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

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

Opinion

We have audited the consolidated financial statements of Great Harvest Maeta Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 106 to 188, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1.1 to the consolidated financial statements, which states that the Group's current liabilities exceeded its current assets by approximately US$70,383,000 as at 31 March 2023, which included borrowings and loans of US$10,913,000 and convertible bonds US$52,739,000 repayable within one year, while the Group's cash and cash equivalents balances was US$2,041,000.

The Group is undertaking a number of financing plans and other measures as described in Note 2.1.1 to the consolidated financial statements in order to ensure that the Group is able to meet its commitments in the next twelve months from the date of approval of these consolidated financial statements for issuance. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the next twelve months from the date of approval of these consolidated financial statements for issuance. However, the likelihood of successful implementation of these financing plans and other measures, as set forth in Note 2.1.1 to the consolidated financial statements, show that the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Impairment of vessels
- Valuation of investment properties

Key Audit Matters (Continued)

Impairment of vessels

Refer to note 14 to the consolidated financial statements and the accounting policies on pages 124 to 125.

The key audit matter

As at 31 March 2023, the carrying amount of the Group’s vessels were approximately US$55.2 million. During the year ended 31 March 2023, due to the continuing unfavorable market conditions, the chartering business was weaker than expected and recognised a segment loss of approximately US$8.5 million (which included an impairment of vessels of US$8.2 million) during the year.

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

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

How the matter was addressed in our audit

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

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

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

– evaluating the management prepared recoverable amount calculations of the relevant CGUs by 1) checking the mathematical accuracy of the impairment models; 2) assessing key assumptions applied in value in use calculations, if relevant; and 3) obtaining external valuation reports on vessels and evaluating the methodology and inputs adopted; and

– involving our valuation expert to review and assess whether the valuation models used by management were appropriate and whether the inputs used in the valuation models were reasonable.

Key Audit Matters (Continued)

Valuation of investment properties

Refer to note 15 to the consolidated financial statements and accounting policies on page 124.

The key audit matter	How the matter was addressed in our audit
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the estimates associated with determining the fair value. As disclosed in Note 15 to the consolidated financial statements, the investment properties of the Group mainly consist of land being vacant located in the People's Republic of China (the "PRC") and carried at US$70.7 million as at 31 March 2023. All of the Group's investment properties are stated at fair value based on valuations performed by a qualified external valuer not connected with the Group (the "Valuer"). Key sources of estimation uncertainty and details of the valuation techniques and key inputs used in the valuations are disclosed in Note 4 and Note 15 to the consolidated financial statements, respectively. The valuations of investment properties are dependent on certain key assumptions, including time adjustments, location adjustments, land use right adjustments and size adjustments.	Our procedures in relation to assessing the appropriateness of the valuation of the investment properties included: – understanding and evaluating the management's assessment process for reviewing the work of the Valuer; – assessing the competence, capabilities and objectivity of the Valuer; – discussing with the Valuer about the valuation process to understand the performance of the property markets, significant assumptions adopted and data used in the valuations; and – involving our valuation expert to review and assess whether the valuation models used by management were appropriate and whether the key adjustments applied in the valuation models were reasonable.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, 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 Directors of the Company and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

As part of an audit in accordance with HKSAs, we exercise professional 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 of the Company.

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lee Shun Ming.

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

Hong Kong
29 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 US$'000	2022 US$'000
Revenue	5	18,233	21,562
Cost of services	8	(16,187)	(10,988)
Gross profit		2,046	10,574
Other gains	6	2,634	–
Other income	7	116	17
General and administrative expenses	8	(2,827)	(2,752)
(Provision for)/reversal of impairment losses on property, plant and equipment	14	(8,218)	19,169
Operating (loss)/profit		(6,249)	27,008
Finance income	9	45	1
Finance costs	9	(10,896)	(2,306)
Finance costs – net		(10,851)	(2,305)
(Loss)/profit before income tax		(17,100)	24,703
Income tax expense	11	(9)	(7)
(Loss)/profit for the year		(17,109)	24,696
(Loss)/profit attributable to:			
Owners of the Company		(17,093)	24,722
Non-controlling interest		(16)	(26)
		(17,109)	24,696
Other comprehensive (expense)/income for the year			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		(3,890)	1,740
Total comprehensive (expense)/income for the year		(20,999)	26,436
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(20,632)	26,305
Non-controlling interest		(367)	131
		(20,999)	26,436
(Loss)/earnings per share attributable to owners of the Company			
Basic (loss)/earnings per share	12	(US1.79 cents)	US2.60 cents
Diluted (loss)/earnings per share	12	(US1.79 cents)	US1.92 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	NOTES	2023 US$'000	2022 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**55,175**	68,515
Investment properties	15	**70,655**	76,482
Right-of-use assets	26	**285**	–
Pledged bank deposits	18	**516**	501
		126,631	145,498
Current assets			
Trade receivables, deposits, prepayments and other receivables	17	**4,320**	4,156
Pledged deposit	17	**–**	500
Pledged bank deposits	18	**–**	889
Cash and cash equivalents	18	**2,041**	2,688
		6,361	8,233
Total assets		**132,992**	153,731
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	**1,221**	1,221
Reserves	21	**25,289**	45,921
		26,510	47,142
Non-controlling interest		**4,227**	4,594
Total equity		**30,737**	51,736

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 US$'000	2022 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans	22	8,533	9,492
Lease liabilities	26	127	–
Deferred income tax liabilities	23	16,851	18,241
		25,511	27,733
Current liabilities			
Other payables and accruals	25	12,913	9,242
Borrowings and loans	22	10,913	13,789
Convertible bonds	24	52,739	51,230
Lease liabilities	26	174	–
Tax payables		5	1
		76,744	74,262
Total liabilities		102,255	101,995
Total equity and liabilities		132,992	153,731

The consolidated financial statements on pages 106 to 188 were approved by the Board of Directors on 29 June 2023 and were signed on its behalf by:

Lam Kwan
Director

Pan Zhongshan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Convertible bonds reserve US$'000	Share option reserve US$'000	Merger reserve (Note 21(a)) US$'000	Other reserves (Note 21(b)) US$'000	Exchange reserve US$'000	Retained earning/ (accumulated loss) US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 April 2022	1,221	54,684	38,954	281	(63,808)	13,636	(673)	2,847	47,142	4,594	51,736
Comprehensive (loss)											
(Loss) for the year	–	–	–	–	–	–	–	(17,093)	(17,093)	(16)	(17,109)
Other comprehensive loss											
Currency translation differences	–	–	–	–	–	–	(3,539)	–	(3,539)	(351)	(3,890)
Total comprehensive loss	–	–	–	–	–	–	(3,539)	(17,093)	(20,632)	(367)	(20,999)
Lapse/forfeit of share options (Note 20(ii))	–	–	–	(165)	–	–	–	165	–	–	–
Balance at 31 March 2023	1,221	54,684	38,954	116	(63,808)	13,636	(4,212)	(14,081)	26,510	4,227	30,737

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	2023 US$'000	2022 US$'000
Cash flows from operating activities			
(Loss)/profit before tax		(17,100)	24,703
Adjustments for:			
Finance costs	9	10,896	2,306
Finance income	9	(45)	(1)
Depreciation of property, plant and equipment	14	6,765	4,475
Depreciation of right-of-use asset	26	87	–
Government grants	7	(30)	–
Gain on disposal of property, plant and equipment	6	(46)	–
Gain on modification of convertible bonds	6	(2,588)	–
Provision for/(reversal of) impairment losses on property, plant and equipment	14	8,218	(19,169)
Operating cash flows before movements in working capital		6,157	12,314
Increase in trade receivables, deposits, prepayments and other receivables		(211)	(1,747)
Increase in payables and accruals		177	1,503
Cash generated from operations		6,123	12,070
Income tax paid		(5)	(6)
Net cash generated from operating activities		6,118	12,064
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,648)	(1,694)
Proceed from disposal of property, plant and equipment		50	–
Purchase of investment properties		–	(82)
Interest received		45	1
Net cash used in investing activities		(1,553)	(1,775)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from financing activities			
Proceed from bank borrowing		–	256
Proceed from loan from a financial institution		–	14,529
Repayments of bank borrowings		(1,451)	(12,038)
Repayments of loan from a financial institution		(1,520)	(1,652)
Interest paid		(924)	(1,241)
Redemption of convertible bonds		(1,500)	(2,770)
Repayments of loan from ultimate holding company		(1,150)	(5,500)
Repayments of lease liabilities		(71)	–
Decrease in pledged deposits		500	–
Decrease in pledged bank deposits		874	597
Receipt of government grants		30	–
Net cash used in financing activities		(5,212)	(7,819)
Net (decrease)/increase in cash and cash equivalents		(647)	2,470
Cash and cash equivalents at beginning of year		2,688	218
Cash and cash equivalents at end of year	18	2,041	2,688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Great Harvest Maeta Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in chartering of dry bulk vessels and property investment and development. The principal activity of the Company is investment holding. Its parent is Ablaze Rich Investments Limited ("Ablaze Rich") (incorporated in British Virgin Islands) and the ultimate controlling party is Mr. Yan Kim Po ("Mr. Yan") and Ms. Lam Kwan ("Ms. Lam").

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

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

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

2. Summary of Significant Accounting Policies

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

2.1 Basis of preparation

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis

Pursuant to the Supplemental Settlement Agreement (as defined in Note 24), the Company shall settle the outstanding redemption amount of the convertible bonds (which amounted to US$51,230,000 as at the date of the Supplemental Settlement Agreement) by repaying the bondholder (i) US$5,000,000 in cash in 10 quarterly instalments of US$500,000 each; and (ii) the remaining balance of US$46,230,000 and all accumulated interest, both to be paid in cash in one lump sum on 31 December 2024. The Company has made repayment to bondholder for first three quarterly instalments of a total of US$1,500,000. However, the Company has not repaid to the bondholder the fourth quarterly instalment which was due on 31 March 2023. It resulted in convertible bonds with an amount of US$2,500,000 with original contractual repayment dates of within one year and amount of US$50,239,000 with original contractual repayment dates after one year from 31 March 2023, that would become immediately repayable in accordance with the relevant Supplemental Settlement Agreement.

In addition, the default of convertible bonds on 10 May 2021 has triggered the cross default clauses in the loan agreements for bank borrowings of US$10,812,000 in which out of the above said borrowings, US$9,420,000 shall be repayable after one year in accordance with original repayment terms. Such cross-defaults may cause the relevant borrowings to become immediately due and payable should the relevant lenders exercise their rights under the loan agreements.

In light of the above, reclassification of long-term borrowings of US$59,659,000 as current liabilities is required at 31 March 2023 under applicable accounting standards.

As of 31 March 2023, the Group's current liabilities exceeded its current assets by approximately US$70,383,000 while the Group's cash and cash equivalents balance was US$2,041,000. In addition, the Group has entered into agreements which will involve capital commitments of approximately US$258,000 in respect of investment properties project as at 31 March 2023.

As the financial resources available to the Group as at 31 March 2023 and up to the date of approval of these consolidated financial statements for issuance may not be sufficient to satisfy operating and financing requirements together with the payment of capital expenditure when they fall due, the Group is actively pursuing additional financing including, but not limited to, debt financing and bank borrowings.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

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

(i) Extension of the repayment in relation to the fourth quarterly instalment under the Supplemental Settlement Agreement

On 8 May 2023, the bondholder issued a consent letter to the Company pursuant to which the Company shall repay the outstanding payments of the Supplemental Settlement Agreement in three instalments whereby (i) US$100,000 before 30 April 2023; (ii) US$200,000 before 31 May 2023; and (iii) US$200,000 before 15 June 2023.

Subsequent to the end of the reporting period, all the above said instalments have been repaid as scheduled and accordingly, the management of the Company considered that the event of the delay payment of the fourth quarterly instalment under the Supplemental Settlement Agreement are remediated.

(ii) Financing through ultimate holding company

On 30 September 2022, the Company entered into a deed of funding undertakings that Ablaze Rich, Mr. Yan and Ms. Lam have undertaken to provide funding to the Group when funding notice issue by the Company within twenty four months of the date of the deed. The undertakings shall cease to have effect after twenty four months from the date of the deed or upon the Company or any member of the Group having obtained long-term external bank borrowings or other sources of long-term financing with a principal amount of not less than US$30 million, whichever is the earlier. As at 31 March 2023, US$3.85 million was obtained under the terms of the deed.

In addition, Ablaze Rich granted a loan amounting to US$3,000,000 in 2017 which is still outstanding as at 31 March 2023.

On 30 March 2023, Ablaze Rich extended the maturity of all these outstanding principal balance, together with related interest payable balance, to 30 June 2026 with other major terms and conditions remaining unchanged.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

(iii) Financing through banks and capital market

The Group is actively seeking for other alternative financing and bank borrowings, to finance the settlement of its existing financial obligations and future operating and capital expenditures. Additionally, the Group is planning to raise funds through the capital market, such as placement or issue of corporate bonds and/or other sources, and to negotiate with the bondholder on alternative plan to finance the settlement of the outstanding redemption amount of the convertible bonds, negotiation with potential investor(s) which is ongoing as at the date of this report.

The Group will also continue to negotiate with relevant bank to waive their rights arising from the events of cross-default. The directors are confident that agreements with the bank will be reached in due course. Up to the date of approval of these consolidated financial statements, the Group has not received any formal demand letters from the relevant financial institutions. Management is confident that the bank is not likely to enforce their rights of requesting for immediate repayment of the outstanding loans as such loans were fully secured by the Group's vessels and pledged deposits.

(iv) Enhancement of operation of chartering business

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

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

Notwithstanding the above, material uncertainties exist as to whether the Group can achieve the plans and measures described above to generate adequate cash inflow as scheduled. The sufficiency of the Group's working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements for issuance is dependent on the followings:

(i) Whether the Group can raise sufficient funds through capital market or from other sources to finance the settlement of the remaining principal amount and interest of the convertible bonds in accordance with the Supplemental Settlement Agreement and the bondholder will not enforce their rights of requesting any additional charges under circumstance as stated in the agreement;

(ii) Whether the Group can successfully negotiate with the relevant bank to waive their rights arising from the events of cross-default that the bank will not enforce their rights of requesting for immediate repayment of the outstanding borrowings and the Group ongoing compliance with covenants under relevant borrowing agreements;

(iii) Whether the ultimate holding company will be able to provide further funding to the Group under the above deed of funding undertakings, as and when needed, to meet the Group's working capital and scheduled loan repayments;

(iv) Whether the Group can successfully improve its operation of chartering of dry bulk vessels under market fluctuation and further control capital and operating expenditures and generate sufficient operating cash inflow; and

(v) Whether the Group can successfully renew its borrowings upon expiries and/or obtain additional sources of financing or bank borrowings or adequate cash proceeds generated from assets realization as and when needed.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Going concern basis (Continued)

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

2.1.2 Application of new and amendment to HKFRSs

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 cycle

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.3 Amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts[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 HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after a date to be determined.

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

2. Summary of Significant Accounting Policies (Continued)

The significant accounting policies are set out below.

2.2 Basis of consolidation

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.2 Basis of consolidation (Continued)

Merger accounting for business combination involving entities under common control

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

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargin purchase gain at the time of common control combination.

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

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whatever is shorter.

2.3 Investments in subsidiaries

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

2. Summary of Significant Accounting Policies (Continued)

2.4 Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

2. Summary of Significant Accounting Policies (Continued)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses.

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.6 Investment properties

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

2.7 Impairment losses on property, plant and equipment

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

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

2. Summary of Significant Accounting Policies (Continued)

2.7 Impairment losses on property, plant and equipment (Continued)

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

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial instruments

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

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

(a) Financial assets

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

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

Amortised cost and effective interest method

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

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

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

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

Interest income is recognised in profit or loss and is included in the "finance income" line item (note 9).

(ii) Impairment of financial assets

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

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

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

Significant increase in credit risk

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

Definition of default

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

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

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

Credit-impaired financial assets

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

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

Write-off policy

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

Measurement and recognition of ECL

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Derecognition of financial assets

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

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

(b) Financial liabilities and equity instruments

(i) Classification as debt or equity

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

(ii) Equity instruments

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

(iii) Financial liabilities

Financial liabilities subsequently measured at amortised cost

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

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial instruments (Continued)

(b) Financial liabilities and equity instruments (Continued)

(iv) Derecognition of financial liabilities

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

Modification of financial liabilities

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

Non-substantial modifications of financial liabilities

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

2.9 Offsetting financial instruments

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

2. Summary of Significant Accounting Policies (Continued)

2.10 Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

2.11 Borrowings costs

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.12 Convertible bonds

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.13 Taxation

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

2.13 Taxation (Continued)

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Current and deferred tax are recognised in profit or loss.

2. Summary of Significant Accounting Policies (Continued)

2.14 Retirement benefits cost and obligation

The Group operates the defined contribution pension plans.

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

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

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

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

2.15 Short-term employee benefits

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

2. Summary of Significant Accounting Policies (Continued)

2.16 Share-based payments

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

Share options granted to employees

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

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

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

Share options granted to non-employees

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

2.17 Provisions

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

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

2. Summary of Significant Accounting Policies (Continued)

2.18 Revenue from contracts with customers

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

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

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

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

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

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

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

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

2. Summary of Significant Accounting Policies (Continued)

2.18 Revenue from contracts with customers (Continued)

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

Contract asset and contract liability

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

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

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

Revenue from chartering of vessels

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

2. Summary of Significant Accounting Policies (Continued)

2.19 Leasing

(a) Definition of a lease

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

(b) The Group as lessee

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date or acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date of a lease, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2. Summary of Significant Accounting Policies (Continued)

2.19 Leasing (Continued)

(b) The Group as lessee (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2.20 Government grants

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

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

2. Summary of Significant Accounting Policies (Continued)

2.21 Fair value measurement

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

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

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

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

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

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

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

3. Financial Risk Management

3.1 Categories of financial instruments

	2023 US$'000	2022 US$'000
Financial assets		
Financial assets at amortised cost	6,631	7,877
Financial liabilities		
Financial liabilities at amortised cost	84,488	83,753

3. Financial Risk Management (Continued)

3.2 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

(ii) Cash flow and fair value interest rate risk

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

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

Except for the loan from the ultimate holding company bearing a fixed interest rate at 4% per annum, convertible bonds bearing a fixed interest rate at 8% per annum and bank borrowings bearing floating interest rates, the Group has no significant interest-bearing assets and liabilities.

3. Financial Risk Management (Continued)

3.2 Financial risk factors (Continued)

(a) Market risk (Continued)

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

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

As at 31 March 2023, if interest rates on bank borrowings (2022: bank borrowings and loan from a financial institution) had been increased/decreased by 190 (2022: 190) basis points with all other variables held constant, the Group's post-tax loss for the year would have been increased/decreased by US$217,000 (2022: post-tax income for the year would have been decreased/increased US$272,000), mainly as a result of fluctuation on interest expense on variable rate bank borrowings (2022: bank borrowings and loan from a financial institution).

The management of the Group have not adjusted the sensitivity rate for assessing interest rate risk after considering the impact of the volatile financial market conditions in 2023.

3. Financial Risk Management (Continued)

3.2 Financial risk factors (Continued)

(b) *Credit risk*

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

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

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

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

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

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

3. Financial Risk Management (Continued)

3.2 Financial risk factors (Continued)

(b) Credit risk (Continued)

Management reviews the recoverable amount of each individual trade receivable regularly, if any, to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced. The loss allowance provision as at 31 March 2023 and 2022 is illustrated as below:

As at 31 March 2023	Lifetime expected loss rate	Gross carrying amount US$'000	Lifetime expected credit loss US$'000	Net carrying amount US$'000
Individual assessment	100%	–	–	–
Collective assessment current				
1 to 30 days past due	0%	3,422	–	3,422
31 to 60 days past due	0%	–	–	–
61 to 365 days past due	0%	18	–	18
Past due over 1 year	0%	80	–	80
		3,520	–	3,520

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

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

3. Financial Risk Management (Continued)

3.2 Financial risk factors (Continued)

(c) *Liquidity risk*

The amount of net current liabilities of the Group is approximately US$70,383,000 as at 31 March 2023, which causes the Group in significant liquidity risk. At the end of the reporting period, the Group has taken appropriate measures as set out in Note 2.1.1 to mitigate such liquidity risk.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of other borrowings and unsecured borrowings from a director and ensures compliance with loan covenants, if any.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates except, as at 31 March 2023, as a result of events described in Note 2.1.1, bank borrowings amounted to US$9,420,000 and convertible bonds amounted to US$52,739,000 (31 March 2022: bank borrowings amounted to US$12,175,000 and loan from a financial institution amounted to US$1,522,000) are included in the "on demand or less than 1 year" time band in the maturity analysis below.

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

	On demand or less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amount US$'000
As at 31 March 2023						
Borrowings and loans	10,933	121	9,268	78	20,400	19,446
Convertible bonds	52,739	–	–	–	52,739	52,739
Other payables and accruals	12,303	–	–	–	12,303	12,303
	75,975	121	9,268	78	85,442	84,488
Lease liabilities	179	128	–	–	307	301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Financial Risk Management (Continued)

3.2 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Liquidity risk tables (Continued)

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

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

(d) Interest rate benchmark reform

As at 31 March 2023, loan from bank borrowing amounting to US$10,812,000 (2022: loan from a financial institution and bank borrowing amounting to US$1,522,000 and US$12,175,000), that are linked to 3 month USD LIBOR. The Group did not receive updates from the relevant counterparties on the transition of alternative benchmark rates. The bank borrowing will mature in May 2026 and it is expected to transit latest by second half of 2023.

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

3. Financial Risk Management (Continued)

3.3 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debts divided by total assets. Total debts are calculated as total borrowings, loans and convertible bonds. As at 31 March 2023, the gearing ratio is 54.3% (2022: 48.5%).

3.4 Fair value estimation

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

The fair values of the bank borrowings as at 31 March 2023 approximate their carrying amount as they bear interest at floating rates that are market dependent.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying the accounting policies

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

(a) Going concern consideration

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

(b) Current and deferred income taxes

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

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment

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

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

As at 31 March 2023, the carrying amounts of property, plant and equipment was US$55,175,000 (2022: US$68,515,000). During the year ended 31 March 2023, provision for impairment losses of US$8,218,000 (2022: reversal of impairment losses of US$19,169,000) on property, plant and equipment was recognised. Details of the impairment of property, plant and equipment are disclosed in Note 14.

(b) Fair value of investment properties

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

As at 31 March 2023, the carrying amount of investment properties is US$70,655,000 (2022: US$76,482,000).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

(c) Impairment of financial assets – expected credit loss

The loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of comprehensive income. As at 31 March 2023, the carrying amount of financial assets is US$6,631,000 (2022: US$7,877,000).

5. Revenue and Segment Information

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

The operating segments comprise:

— Chartering of vessels

— Property investment and development

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

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

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

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

5. Revenue and Segment Information (Continued)

(a) Segment revenue, results and other information

	Chartering of vessels US$'000	Property investment and development US$'000	Unallocated US$'000	Total US$'000
Year ended 31 March 2023				
Revenue recognised over time	18,233	–	–	18,233
Depreciation of property, plant and equipment	(6,764)	(1)	–	(6,765)
Provision for impairment losses on property, plant and equipment	(8,218)	–	–	(8,218)
Gain on modification of convertible bonds	–	2,588	–	2,588
Finance costs	(918)	(9,686)	(292)	(10,896)
Segment loss before income tax	(8,532)	(7,293)	(1,275)	(17,100)
Income tax expense				(9)
Loss for the year				(17,109)

5. Revenue and Segment Information (Continued)

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

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

A Segment (loss)/profit represents the (loss from)/profit earned by each segment without allocation of central general and administrative expenses and finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2.

5. Revenue and Segment Information (Continued)

(b) Segment assets

	Chartering of vessels US$'000	Property investment and development US$'000	Unallocated US$'000	Total US$'000
As at 31 March 2023				
Segment assets	**61,690**	**71,221**	**81**	**132,992**
As at 31 March 2022				
Segment assets	75,314	77,104	1,313	153,731

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

(c) Revenue from major services

During the years ended 31 March 2023 and 2022, revenue represents hire income under time charter arising from the Group's owned vessels. Hire income under time charter is accounted for as operating lease and is recognised on a straight-line basis over the period of each time charter contract.

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

(d) Geographical information

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

	2023 US$'000	2022 US$'000
The People's Republic of China (the "PRC")	**70,656**	76,488

5. Revenue and Segment Information (Continued)

(e) Information about major customers

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

	2023 US$'000	2022 US$'000
Customer A	–*	7,741
Customer B	2,649	7,045
Customer C	3,800	6,707
Customer D	5,090	–#
Customer E	3,256	–#
	14,795	21,493

* Revenue arising from the provision of vessels chartering services for Customer A in 2023 contributed less than 10% of total revenue of the Group.

Revenue arising from the provision of vessels chartering services for Customer D and E in 2022 contributed less than 10% of total revenue of the Group.

(f) Contract liabilities related to the contracts with customers

As at 31 March 2023, contract liabilities included in other payables and accruals amounted to approximately US$610,000 (2022: nil) (Note 25).

6. Other Gains

	2023 US$'000	2022 US$'000
Gain on modification of convertible bonds (Note 24)	2,588	–
Gain on disposal of property, plant and equipment	46	–
	2,634	–

7. Other Income

	2023 US$'000	2022 US$'000
Government grants (Note)	30	–
Sundry income	86	17
	116	17

Note:

During year ended 31 March 2023, the amounts of US$30,000 represented cash subsidies from the Employment Support Scheme ("ESS") under Anti-epidemic Fund launched by the Hong Kong Special Administrative Region Government supporting the payroll of the Company's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not to reduce employee head count below prescribed levels for a specified period of time. The Group had complied with all attached conditions during the year ended 31 March 2023 and does not have other unfulfilled conditions and other contingencies attached to the receipts of the grant.

8. Expenses by Nature

(Loss)/profit before income tax is stated after charging the following:

	2023 US$'000	2022 US$'000
Depreciation of property, plant and equipment (Note 14)	6,765	4,475
Depreciation of right-of-use assets (Note 26)	87	–
Crew expenses (included in cost of service)	4,560	3,526
Short-term operating lease payments for buildings (Note 26)	102	139
Auditor's remuneration – audit services	117	130
Employee benefit expense (including directors' emoluments) (Note 10)	1,452	1,244

9. Finance Costs – Net

	2023 US$'000	2022 US$'000
Finance income		
Interest income	45	1
Finance costs		
Arrangement fee on borrowings and loans	–	30
Interest expense on borrowings and loans	1,204	1,223
Interest expense on convertible bonds – non-cash (Note 24)	5,597	846
Interest expense on lease liabilities (Note 26)	6	–
Other finance charge	4,089	–
Write-off of unamortised loan originating fee (Note 27)	–	207
	10,896	2,306

10. Employee Benefit Expense

	2023 US$'000	2022 US$'000
Fee, salaries and other benefits	1,423	1,223
Post-employment benefit – defined contribution plans	29	21
	1,452	1,244

Five highest paid individuals

Of the five individuals with the highest remunerations in the Group, two (2022: three) were directors of the Company whose emoluments are reflected in analysis shown in note 32. The emoluments of the remaining three (2022: two) individuals were as follows:

	2023 US$'000	2022 US$'000
Salaries	339	200
Post-employment benefit – defined contribution plans	7	4
	346	204

10. Employee Benefit Expense (Continued)

Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
	US$'000	US$'000
HK$ nil to HK$500,000 (equivalent to US$ nil to US$64,102)	**–**	1
HK$500,001 to HK$1,000,000 (equivalent to US$64,103 to US$128,205)	**2**	–
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,206 to US$192,308)	**1**	1

No emoluments were paid or payable to the directors and above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2023 and 2022.

11. Income Tax Expense

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

	2023	2022
	US$'000	US$'000
Current income tax		
Hong Kong profits tax	**9**	7

11. Income Tax Expense (Continued)

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

	2023 US$'000	2022 US$'000
(Loss)/profit before income tax	**(17,100)**	24,703
Calculated at taxation rate of 16.5% (2022: 16.5%)	**(2,822)**	4,076
Effect of different tax rate for the PRC entities	**(15)**	30
Deemed profits tax for assessable profit of a subsidiary	**18**	14
Effect of difference tax rate for a Hong Kong subsidiary (note)	**(9)**	(7)
Income not subject to tax	**(3,444)**	(6,720)
Expenses not deductible for tax purpose	**6,236**	2,608
Tax losses not recognised	**45**	6
Income tax expense	**9**	7

Note:

Under the two-tiered profits tax rates regime of Hong Kong profits tax, the first HK$2 million of assessable profits of qualifying corporation under Hong Kong profits tax will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. For the years ended 31 March 2023 and 2022, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The assessable profits of other entities of the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profit is probable.

As at 31 March 2023, the Group did not recognise deferred income tax assets in respect of losses amounting to US$1,402,000 (2022: US$1,779,000) due to the unpredictability of future profit streams that will expire in 1 to 5 years.

12. (Loss)/Earnings Per Share

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

	2023 US$'000	2022 US$'000
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share	(17,093)	24,722
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	–	846
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	(17,093)	25,568

	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	952,614	952,614
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	381,843
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	952,614	1,334,457

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

The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 31 March 2023 and 2022.

The computation of diluted loss per share for the year ended 31 March 2023 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share.

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13. Dividends

The directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: same).

14. Property, Plant and Equipment

	Vessels	Office equipment	Motor vehicles	Leasehold improvement	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
COST					
At 1 April 2021	188,832	56	114	28	189,030
Additions	1,694	–	–	–	1,694
Exchange difference	–	2	4	–	6
At 31 March 2022 and 1 April 2022	190,526	58	118	28	190,730
Additions	1,647	1	–	–	1,648
Disposal/write-off	–	(39)	(93)	(28)	(160)
Exchange difference	–	(4)	(8)	–	(12)
At 31 March 2023	**192,173**	**16**	**17**	**–**	**192,206**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2021	136,724	46	106	28	136,904
Charge for the year	4,462	8	5	–	4,475
Reversal of impairment loss recognised in profit or loss	(19,169)	–	–	–	(19,169)
Exchange difference	–	1	4	–	5
At 31 March 2022 and 1 April 2022	122,017	55	115	28	122,215
Charge for the year	6,764	1	–	–	6,765
Provision for impairment loss recognised in profit or loss	8,218	–	–	–	8,218
Elimination on disposal/write-off	–	(38)	(90)	(28)	(156)
Exchange difference	–	(3)	(8)	–	(11)
At 31 March 2023	**136,999**	**15**	**17**	**–**	**137,031**
NET BOOK VALUES					
At 31 March 2023	**55,174**	**1**	**–**	**–**	**55,175**
At 31 March 2022	68,509	3	3	–	68,515

14. Property, Plant and Equipment (Continued)

Depreciation expenses of approximately US$6,764,000 (2022: US$4,462,000) and US$1,000 (2022: US$13,000) have been charged in 'cost of services' and 'general and administrative expenses' respectively.

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

In assessing impairment loss, internal and external sources of information are considered in assessing the fair market value and value-in-use. The value-in-use of the vessels is assessed based on assumptions and estimates of vessels' future earnings and appropriate pre-tax discount rates to derive the present value of those earnings. The discount rates used to the value in use calculation on owned vessels was 9.10% (31 March 2022: 9.62%), which are based on the industry sector risk premium relevant to the CGUs and the applicable gearing ratio of the CGUs.

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

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

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

The fair value less costs of disposal is based on valuations performed by a leading international company specialised in vessels valuation (2022: leading, independent and internationally recognised shipbroking company). The fair value of the vessels were primarily determined based on the direct comparison method with reference to recent sales of comparable vessels (2022: direct comparison method by making reference to the recent sale transactions of similar vessels with similar age and condition).

During the year ended 31 March 2023, dry bulk charter rates dropped significantly compare with last year and due to this unfavorable market condition, the fair value of vessels also decreased leading to impairment. As of 31 March 2023, the aggregate recoverable amounts of vessels amounting to US$55,174,000, which were determined by fair value less cost to disposal. Since the recoverable amounts of each of the four vessels were lower than their respective carrying amounts, impairment losses of US$8,218,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 March 2023.

As of 31 March 2022, the recoverable amounts were determined by fair value less cost to disposal for two of its vessels while the remaining two vessels were determined by value-in-use and the aggregate recoverable amounts of vessels amounting to US$29,400,000 and US$40,513,000 respectively. Since the recoverable amounts of each of the four vessels were higher than their respective carrying amounts resulted from the rebound of the dry bulk market, reversal of impairment losses of US$19,169,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 March 2022.

15. Investment Properties

	2023 US$'000	2022 US$'000
At fair value		
At 1 April	76,482	73,806
Additions	–	82
Exchange difference	(5,827)	2,594
At 31 March	70,655	76,482

The above investment properties represented a commercial properties project being vacant in the Hainan province, the PRC.

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

The fair value measurement is categorised in Level 3 fair value hierarchy.

There were no transfers into or out of Level 3 during the year (2022: same).

Valuation processes of the Group

The Group's investment properties were valued at 31 March 2023 and 2022 by an independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

Discussions of valuation processes and results are held between the chief financial officer and the valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 March 2023, the fair values of the properties have been determined by Vincorn Consulting & Appraisal Limited (2022: same).

15. Investment Properties (Continued)

Valuation techniques

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

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

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

15. Investment Properties (Continued)

Valuation techniques (Continued)

Unobservable inputs	Range of unobservable input	Relationship of unobservable inputs to fair value
Time adjustment	2.1% to 9.8% (2022: 1.2% to 12.9%)	The upward market trend will have positive impact on adjustment and thus increase in fair value.
Location adjustment	-30% to -10% (2022: -30% to -10%)	The better location will have positive impact on adjustment, thus increase in fair value.
Land use right adjustment	-10% to 0% (2022: -10% to 0%)	The better designated use of the property will have positive impact on adjustment, thus increase in fair value.
Size adjustment	-5.4% to -0.9% (2022: -7.5% to -1.2%)	The increase in buildable area will have positive impact on total adjustment, thus increase fair value. However, this may be partially offset by a negative impact on adjustment per unit.

There were no changes in valuation methodologies during the year.

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

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

16. Subsidiaries

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

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Interest held by the Company		Interest held by the non-controlling interest
				Directly	Indirectly	
Bryance Group Limited	British Virgin Islands	Provision of international marine transportation services	10,000 ordinary shares of US$1 each	100% (2022: 100%)	– (2022: –)	– (2022: –)
Joy Ocean Shipping Limited	British Virgin Islands	Provision of international marine transportation services	10,000 ordinary shares of US$1 each	100% (2022: 100%)	– (2022: –)	– (2022: –)
Way Ocean Shipping Limited	British Virgin Islands	Provision of international marine transportation services	10,000 ordinary shares of US$1 each	100% (2022: 100%)	– (2022: –)	– (2022: –)
Union Apex Mega Shipping Limited	Hong Kong	Provision of agency services in Hong Kong	50,000 ordinary shares of HK$1 each	100% (2022: 100%)	– (2022: –)	– (2022: –)
United Edge Holdings Limited	British Virgin Islands	Provision of international marine transportation services	10,000 ordinary shares of US$1 each	100% (2022: 100%)	– (2022: –)	– (2022: –)
海南華儲實業有限公司	PRC, non-wholly foreign-owned enterprise	Property investment and development in the PRC	Registered capital of Renminbi 4,800,000	– (2022: –)	91% (2022: 91%)	9% (2022: 9%)

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

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

17. Trade Receivables, Deposits, Prepayments and Other Receivables

	2023 US$'000	2022 US$'000
Trade receivables	3,520	2,527
Less: Provision for impairment of trade receivables	–	(31)
Trade receivables, net	3,520	2,496
Prepayments	172	857
Deposits	21	688
Other receivables	580	607
Other receivables due from related companies (Note 30)	27	8
	4,320	4,656
Less: current pledged deposit (Note)	–	(500)
	4,320	4,156

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

As at 1 April 2021, trade receivables from contracts with customers amounted to US$1,130,000.

As at 31 March 2023 and 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	2023 US$'000	2022 US$'000
0-30 days	3,422	1,370
31-60 days	–	1,060
61-90 days	–	–
91-365 days	18	66
Over 365 days	80	31
	3,520	2,527

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

17. Trade Receivables, Deposits, Prepayments and Other Receivables (Continued)

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

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 31 March 2023, no trade receivables (2022: US$31,000) were impaired. Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 3.2(b).

18. Cash and Bank Balances

	2023 US$'000	2022 US$'000
Current		
Pledged bank deposits	–	889
Cash at bank and on hand	2,041	2,688
	2,041	3,577
Non-current		
Pledged bank deposits	516	501
Cash and bank balances	2,557	4,078
Cash and cash equivalents	2,041	2,688

Pledged bank deposits earns interest ranging from 0.30% to 4.82% (31 March 2022: 0.27% to 1.01%) per annum as at 31 March 2023.

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

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

	2023 US$'000	2022 US$'000
US$	2,523	4,015
HK$	30	59
RMB	4	4
	2,557	4,078

19. Share Capital

Ordinary shares of HK$0.01 each

	2023		2022	
	Number of shares (thousands)	Amount HK$'000	Number of shares (thousands)	Amount HK$'000
Authorised	**4,000,000**	**40,000**	4,000,000	40,000

Issued and fully paid:	Number of shares (thousands)	Share capital HK$'000	Share capital US$'000
At 1 April 2021, 31 March 2022 and 31 March 2023	952,614	9,526	1,221

20. Share Option Scheme

The Company's former share option scheme ("2011 Share Option Scheme"), was adopted pursuant to a resolution passed on 19 August 2011 and expired on 18 August 2021. Details of 2011 Share Option Scheme are set out in the section headed "Share Option Scheme" in this report. The Company has adopted a new share option scheme (the "2021 Share Option Scheme") on 18 August 2021. Under the 2021 Share Option Scheme, the Board of Directors of the Company may grant options to eligible participants (the "Participants"). Participants of the 2021 Share Option Scheme includes: (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company or any entity in which any member of the Group holds any equity interests ("Invested Entity"); (b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary of the Company or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and (i) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; and (j) any company wholly-owned by one or more eligible participants as referred to in (a) to (i) above.

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

20. Share Option Scheme (Continued)

2011 Share Option Scheme

(i) Share options outstanding under 2011 Share Option Scheme at the end of the year have the following expiry date and exercise prices:

Date of grant	Exercise price	Expiry date	Number of shares (thousands)					
			Directors of the Company		Employees		Others	
			2023 US$'000	2022 US$'000	**2023 US$'000**	2022 US$'000	**2023 US$'000**	2022 US$'000
30 April 2015 (Note)	1.20	29 April 2025	**1,600**	4,200	**–**	–	**250**	250

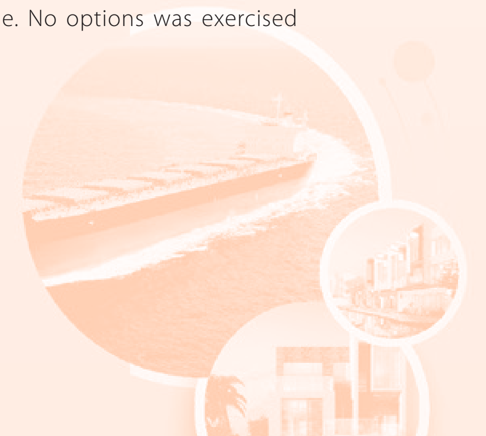
Note:

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

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

	Weighted average exercise price in HK$ per share option		Number of shares (thousands)							
			Directors of the Company		Employees		Others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
At 1 April	**1.20**	1.17	**4,200**	10,400	**–**	400	**250**	250	**4,450**	11,050
Granted	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Exercised	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Lapsed/Forfeited	**1.20**	1.15	**(2,600)**	(6,200)	**–**	(400)	**–**	–	**(2,600)**	(6,600)
At 31 March	**1.20**	1.20	**1,600**	4,200	**–**	–	**250**	250	**1,850**	4,450

All options outstanding at the end of the year were vested and exercisable. No options was exercised during the years ended 31 March 2023 and 2022.



21. Reserves

(a) Merger reserve

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

(b) Other reserves

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

22. Borrowings and Loans

	2023 US$'000	2022 US$'000
Non-current		
– Bank borrowings (Note i)	518	619
– Loan from the ultimate holding company (Note iii)	8,015	8,873
	8,533	9,492
Current		
– Bank borrowings (Note i)	10,913	12,267
– Loan from a financial institution (Note ii)	–	1,522
Total	10,913	13,789

Notes:

(i) The Group's bank borrowings comprise of a bank borrowing of US$10,812,000 (2022: US$12,175,000) and another bank borrowing obtained under the SME Financing Guarantee Scheme launched by the Government of HKSAR of US$619,000 (2022: US$711,000). The carrying amounts of these bank borrowings were denominated in US$ and HK$, respectively. These bank borrowings bear interest at LIBOR or Prime rate and their fair value approximate the carrying amounts. As at 31 March 2023, the current bank borrowings included an amount of US$9,420,000 (2022: US$10,811,000) with original contractual repayment dates after one year from 31 March 2023 that has been reclassified as current liabilities as a result of cross-default described in Note 2.1.1. Details of the pledged assets are set out in Note 33 to the consolidated financial statements.

(ii) The loan from a financial institution bears interest at LIBOR and fully repaid on 10 October 2022. The carrying amount of the Group's loan from a financial institution is denominated in US$. The fair value of the loan from a financial institution approximates its carrying amount. Details of the pledged assets are set out in Note 33 to the consolidated financial statements.

22. Borrowings and Loans (Continued)

Notes: (Continued)

(iii) The loan from the ultimate holding company is unsecured and bears interest at 4% per annum. On 30 March 2022, the ultimate holding company extended the maturity of the outstanding balance to 30 March 2024. On 30 March 2023, the ultimate holding company further extended the maturity of the outstanding balance to 30 June 2026. The carrying amount of the Group's loan from the ultimate holding company is denominated in US$.

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

	2023	2022
Effective interest rate:		
Fixed-rate borrowings	4%	4%
Variable-rate borrowings	2.75% to 9.43%	2.75% to 6.34%

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

	Bank borrowings (Note)		Loan from a financial institution		Loan from the ultimate holding company	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Within 1 year	1,493	1,456	–	1,522	–	–
Between 1 and 2 years	1,465	1,466	–	–	–	8,873
Between 2 and 5 years	8,396	9,964	–	–	8,015	–
Over 5 years	77	–	–	–	–	–
	11,431	12,886	–	1,522	8,015	8,873

Note:

As detailed in Note 2.1.1, the event of default of convertible bonds resulted in cross-default of a bank borrowing with an amount of US$9,420,000 (2022: US$10,811,000) with original contractual repayment dates after one year from 31 March 2023 which has been reclassified as current liabilities as at 31 March 2023 for financial reporting purpose. The amounts shown in the table above represents amounts repayable in accordance with the original repayment dates set out in the loan agreements.

23. Deferred Income Tax

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

	Investment properties US$'000
At 1 April 2021	17,621
Exchange difference	620
At 31 March 2022	18,241
Exchange difference	(1,390)
At 31 March 2023	**16,851**

24. Convertible Bonds

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

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

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

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

During the year ended 31 March 2022, the Company was in default under the terms and conditions of the relevant agreements of the Top Build Convertible Bonds for the aggregate principal amount of US$54,000,000 that were not settled in full on the maturity date of 10 May 2021 and a petition was filed by the Bondholder (the "Petitioner") with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "High Court of Hong Kong") for the winding-up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) on 24 February 2022.

24. Convertible Bonds (Continued)

On 29 June 2022, the Company, Mr. Yan, Ms. Lam, Ablaze Rich (as the Guarantors) and the bondholder entered into supplemental settlement agreement ("Supplemental Settlement Agreement") in which the bondholder has agreed, among others, to conditionally withdraw the petition and withhold taking any further litigation or claims against the Company in respect of the default. Pursuant to the Supplemental Settlement Agreement, the Company will settle the outstanding redemption amount of the Convertible Bonds by repaying the Bondholder (i) US$5,000,000 in cash in 10 quarterly instalments of US$500,000 each with the first instalment to be paid within 7 business days from the date of the order granted by the High Court of Hong Kong for the withdrawal of the Petition; and (ii) the remaining balance of US$46,230,000 and all accumulated interest (calculated at an interest rate of 8% per annum), both to be paid in cash in one lump sum on 31 December 2024. Pursuant to the Supplemental Settlement Agreement, if payment is not made in full by the schedule due date, additional finance charge will be imposed.

Upon the signing of Supplemental Settlement Agreement, a gain on modification of convertible bonds of US$2,588,000 was recognised during the year ended 31 March 2023.

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

During the year ended 31 March 2023, the Company has made repayment to bondholder for the first three quarterly instalements of a total of US$1,500,000. However, the Company has not repaid to the bondholder the fourth quarterly instalment due on 31 March 2023, and as at such date, US$49,730,000 in the outstanding redemption amount of the convertible bonds remained outstanding.

The Company applied for an extension on its fourth quarterly instalment payment and a consent letter was issued by the bondholder to the Company on 8 May 2023 pursuant to which the bondholder has agreed to extend the date for the repayment of the fourth quarterly instalment and the Company shall repay the fourth quarterly instalment in three instalments whereby (i) US$100,000 before 30 April 2023; (ii) US$200,000 before 31 May 2023; and (iii) US$200,000 before 15 June 2023. Subsequent to the end of the reporting period, all the above said instalments have been repaid as scheduled.

24. Convertible Bonds (Continued)

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

	Liability component US$'000
As at 1 April 2021	53,154
Interest expense (Note 9)	846
Redemption	(2,770)
At 31 March 2022 and 1 April 2022	51,230
Interest expense (Note 9)	5,597
Gain on modification (Note 6)	(2,588)
Redemption	(1,500)
At 31 March 2023	**52,739**

Details of the pledged assets are set out in Note 33 to the consolidated financial statements.

25. Other Payables and Accruals

	2023 **US$'000**	2022 US$'000
Other payables and accruals	**5,110**	1,684
Contract liabilities	**610**	-
Other payables due to related companies (Note 30(b))	**7,193**	7,558
	12,913	9,242

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

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

	2023 **US$'000**	2022 US$'000
US$	**5,180**	1,423
HK$	**334**	3
RMB	**7,399**	7,816
	12,913	9,242

26. Leases

(i) Right-of-use assets

	2023 US$'000	2022 US$'000
Buildings	285	—

During the year ended 31 March 2023, the Group entered into a new lease agreement in respect of renting an office and recognised lease liabilities and right-of-use asset of approximately US$372,000. The lease terms are 2.5 years at fixed rentals with no extension option. In addition, the weighted average lessee's incremental borrowing rates applied to the lease liabilities was 2.75% per annum as at 31 March 2023.

(ii) Lease liabilities

	2023 US$'000	2022 US$'000
Amounts payable under lease liabilities		
Within one year	174	–
After one year but within two years	127	–
	301	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	(174)	–
Amount due for settlement after 12 months	127	–

(iii) Amounts recognised in profit or loss

	2023 US$'000	2022 US$'000
Depreciation expense on right-of-use assets		
– buildings	87	–
Interest expense on lease liabilities	6	–
Expense relating to short-term leases	102	139

(iv) Others

During the year ended 31 March 2023, the total cash outflow for leases amount to approximately US$179,000 (2022: US$139,000).

27. Reconciliation of Liabilities Arising from Financing Activities

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

			Non-cash changes			
	1 April 2022 US$'000	Financing cash flows US$'000	Finance cost incurred US$'000	New lease arrangement US$'000	Gains on modification US$'000	31 March 2023 US$'000
Bank borrowings (Note 22)	12,886	(2,328)	873	–	–	11,431
Loan from a financial institution (Note 22)	1,522	(1,561)	39	–	–	–
Loan from the ultimate holding company (Note 22)	8,873	(1,150)	292	–	–	8,015
Convertible bonds (Note 24)	51,230	(1,500)	5,597	–	(2,588)	52,739
Lease liabilities (Note 26)	–	(77)	6	372	–	301
	74,511	(6,616)	6,807	372	(2,588)	72,486

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

Note:

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

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

28. Contingent Liabilities

Save as disclosed elsewhere in the consolidated financial statements, there were no other significant contingent liabilities of the Group as at 31 March 2023 (2022: same).

29. Commitments

(a) Capital commitments

At 31 March 2023, capital expenditure contracted for but not yet incurred is as follows:

	2023 US$'000	2022 US$'000
Investment properties	258	350

(b) Operating lease arrangements - as lessor

At 31 March 2023, the Group has the following future aggregate minimum lease receivables under non-cancellable operating leases in relation to chartering of vessels. These vessels chartering agreements have varying terms ranging from 3 to 6 months:

	2023 US$'000	2022 US$'000
Not later than one year	1,654	6,006

30. Related Party Transactions

(a) Significant transactions with related parties

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

	2023 US$'000	2022 US$'000
Interest on loan from the ultimate holding company	292	440
Rental expenses paid to Toprich (Asia) Limited (Note (i))	87	106

Note:

(i) Toprich (Asia) Limited is ultimately wholly-owned by the ultimate controlling parties of Ablaze Rich, Mr. Yan and Ms. Lam. Mr. Yan is a former director (resigned with effect from 16 January 2023) and Ms. Lam is the director of the Company for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related Party Transactions (Continued)

(b) Balances with related parties

As at 31 March 2023 and 2022, the Group had the following significant balances with its related companies:

	2023 US$'000	2022 US$'000
Other receivables due from related companies controlled by the ultimate controlling parties (Note 17)	27	8
Loan from the ultimate holding company (Note 22)	(8,015)	(8,873)
Other payables due to related companies which are ultimately controlled by Mr. Yin Hai (Note (i)) (Note 25)	(3,407)	(3,688)
Others payables due to a related company controlled by the ultimate controlling parties (Note 25)	(3,786)	(3,870)

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

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

Note:

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

(c) Transactions with key management personnel

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

	2023 US$'000	2022 US$'000
Fees and salaries	694	747
Pension costs - defined contribution plans	9	10
	703	757

31. Statement of Financial Position and Reserve Movement of the Company

	2023 US$'000	2022 US$'000
Assets		
Non-current assets		
Investments in subsidiaries (Note (i))	**54,446**	54,446
Current assets		
Amounts due from subsidiaries (Note (i))	**19,185**	19,808
Deposits, prepayments and other receivables	**40**	86
Cash and cash equivalents	**31**	1,201
	19,256	21,095
Total assets	**73,702**	75,541
Equity		
Equity attributable to owners of the company		
Share capital	**1,221**	1,221
Reserves (note (ii))	**3,939**	12,577
Total equity	**5,160**	13,798
Liabilities		
Non-current liability		
Loan from the ultimate holding company	**8,015**	8,873
Current liabilities		
Other payables and accruals	**4,434**	126
Amounts due to subsidiaries	**3,354**	1,514
Convertible bonds	**52,739**	51,230
	60,527	52,870
Total liabilities	**68,542**	61,743
Total equity and liabilities	**73,702**	75,541

The statement of financial position was approved by the Board of Directors on 29 June 2023 and was signed on its behalf by:

Lam Kwan
Director

Pan Zhongshan
Director

31. Statement of Financial Position and Reserve Movement of the Company (Continued)

Note:

(i) For the year ended 31 March 2023, no impairment provision (31 March 2022: US$26,168,000) was recognised for the impairment provision of investment in subsidiaries, and US$270,000 (31 March 2022: US$1,818,000) was recognised for the amounts due from subsidiaries.

(ii) Reserves

	Share premium US$'000	Convertible bonds reserve US$'000	Share option reserve US$'000	Other reserve (Note 21(b)) US$'000	Accumulated losses US$'000	Total US$'000
At 1 April 2021	54,684	38,954	702	77,443	(129,310)	42,473
Loss for the year	–	–	–	–	(29,896)	(29,896)
Lapse of share option (Note 20 (ii))	–	–	(421)	–	421	–
At 31 March 2022 and 1 April 2022	**54,684**	**38,954**	**281**	**77,443**	**(158,785)**	**12,577**
Loss for the year	**–**	**–**	**–**	**–**	**(8,638)**	**(8,638)**
Lapse/forfeit of share option (Note 20 (ii))	**–**	**–**	**(165)**	**–**	**165**	**–**
At 31 March 2023	**54,684**	**38,954**	**116**	**77,443**	**(167,258)**	**3,939**

32. Benefits and Interests of Directors (Disclosure Required by Section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information About Benefits of Directors) Regulation (Cap. 622g) and Hong Kong Listing Rules)

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 March 2023 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:								
Name	Fees US$'000	Salaries US$'000	Discretionary bonuses US$'000	Housing allowance US$'000	Estimated money value of other benefits US$'000	Employer's contribution to a retirement benefit scheme US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking US$'000	Total US$'000
Executive directors:									
Mr. Yan (Note i)	-	183	-	-	-	2	-	-	185
Ms. Lam (Note ii)	-	208	-	-	-	2	-	-	210
Ms. Zhao Lihong (Note iii)	-	-	-	-	-	-	-	-	-
Independent non- executive directors:									
Mr. Cheung Kwan Hung	19	-	-	-	-	-	-	-	19
Mr. Chan Chung Bun, Bunny	19	-	-	-	-	-	-	-	19
Mr. Wai Kwok Hung (Note iv)	6	-	-	-	-	-	-	-	6
Mr. Wong Tsui Yue Lucy (Note v)	10	-	-	-	-	-	-	-	10
	54	391	-	-	-	4	-	-	449

32. Benefits and Interests of Directors (Disclosure Required by Section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information About Benefits of Directors) Regulation (Cap. 622g) and Hong Kong Listing Rules) (Continued)

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

The remuneration of every director and the chief executive for the year ended 31 March 2022 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:								
Name	Fees US$'000	Salaries US$'000	Discretionary bonuses US$'000	Housing allowance US$'000	Estimated money value of other benefits US$'000	Employer's contribution to a retirement benefit scheme US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking US$'000	Total US$'000
Executive directors:									
Mr. Yan (Note i)	–	231	–	–	–	2	–	–	233
Ms. Lam (Note ii)	–	192	–	–	–	2	–	–	194
Mr. Cao Jiancheng (Note vi)	–	124	–	–	–	2	–	–	126
Independent non- executive directors:									
Mr. Cheung Kwan Hung	19	–	–	–	–	–	–	–	19
Mr. Chan Chung Bun, Bunny	19	–	–	–	–	–	–	–	19
Mr. Wai Kwok Hung (Note iv)	13	–	–	–	–	–	–	–	13
	51	547	–	–	–	6	–	–	604

None of the directors waived any emoluments during the years ended 31 March 2023 and 2022.

32. Benefits and Interests of Directors (Disclosure Required by Section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information About Benefits of Directors) Regulation (Cap. 622g) and Hong Kong Listing Rules) (Continued)

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

Note:

(i) Mr. Yan resigned as executive director of the Company with effect from 16 January 2023.

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

(iii) Ms. Zhao Lihong was appointed as executive director of the Company with effect from 3 November 2022 and resigned with effect from 28 April 2023.

(iv) Mr. Wai Kwok Hung retired as independent non-executive director of the Company with effect from 30 September 2022.

(v) Ms. Wong Tsui Yue Lucy was appointed as independent non-executive director of the Company with effect from 30 September 2022.

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

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits in respect of their services to the Company and its subsidiaries for the year (2022: Same).

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

During the year, the Company has not paid any consideration to any third parties for making available directors' services to the Company (2022: Same).

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

There were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertakings of the Company, where applicable, in favour of the directors, or body corporate controlled by or entities connected with any of the directors at the end of the year or at any time during the year (2022: Same).

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

Except for the disclosure in Notes 2 and 30, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: Same).

33. Pledge of Assets

As at 31 March 2023, the Group's vessels of US$34,388,000 (2022: US$54,356,000) were pledged as security for bank borrowings (2022: bank borrowings and loan from a financial institution) (Note 14).

As at 31 March 2022, a cash deposit of US$500,000 was pledged as security for loan from a financial institution of US$1,522,000 (Note 17). As at 31 March 2023, the loan from a financial institution was fully repaid and the deposit was released.

As at 31 March 2023, the Group's bank deposits of US$516,000 (2022: US$1,390,000) were pledged as security for a bank borrowing (2022: a bank borrowing and a loan from a financial institution). Among the pledged bank deposits, none of the deposits (2022: US$889,000) are of restricted use for daily operation subject to the approval from a bank (2022: a bank and a financial institution) (Note 18). In case of default under the loan agreements, the bank (2022: bank and the financial institution) have the right to seize the pledged bank deposits.

As at 31 March 2023, the bank borrowing obtained under the SME Financing Guarantee Scheme is secured fully by personal guarantees executed by Mr. Yan, Ms. Lam and the Government of HKSAR (31 March 2022: same).

During the year ended 31 March 2023, the Group entered into Supplemental Settlement Agreement with its bondholder and pursuant to which the withdrawal of the petition is conditional upon, among others, the Company having delivered the following security documents for the pledge/mortgage over the following assets of the Group in favour of the bondholder as security for the Company's performance of its repayment obligations under the settlement agreement (as supplemented by the Supplemental Settlement Agreement):

(i) the mortgage over a vessel of the Group amounting to US$10,378,000 as at 31 March 2023 (Note 14);

(ii) the mortgage over the land use right of a parcel of land of approximately 95.9 mu out of a total of near 200 mu located at Haikou, Hainan Province, the PRC held by a non-wholly owned subsidiary of the Company in the PRC (the "PRC Subsidiary") (Note 15);

(iii) the pledge over the equity interests in the PRC Subsidiary held by a wholly owned subsidiary of the Company in Hong Kong (the "Hong Kong Subsidiary"); and

(iv) the corporate guarantees from the PRC Subsidiary and the Hong Kong Subsidiary.

34. Major Non-cash Transaction

During the year ended 31 March 2023, the Group entered into a new arrangement in respect of renting an office. Right-of-use assets and lease liabilities of US$372,000 were recognised at the commencement of the leases.

35. Event after the Reporting Period

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