



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

(incorporated in the Cayman Islands with limited liability)

Stock code: 3683



# 2022 Interim Report

# Contents

<b>2</b>	Glossary
<b>5</b>	Corporate Information
<b>6</b>	Financial Highlights
<b>7</b>	Management Discussion and Analysis
<b>20</b>	Board of Directors and Senior Management
<b>24</b>	Corporate Governance and Other Information
<b>33</b>	Audit Committee Report
<b>34</b>	Report on Review of Condensed Consolidated Financial Statements
<b>36</b>	Condensed Consolidated Statement of Comprehensive Income
<b>37</b>	Condensed Consolidated Statement of Financial Position
<b>39</b>	Condensed Consolidated Statement of Changes in Equity
<b>41</b>	Condensed Consolidated Statement of Cash Flows
<b>42</b>	Notes to the Condensed Consolidated Financial Statements



# GLOSSARY

<b>“2011 Share Option Scheme”</b>	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
<b>“Ablaze Rich”</b>	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
<b>“All Ages”</b>	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
<b>“Articles”</b>	the articles of association of the Company
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Baltic Dry Index” or “BDI”</b>	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
<b>“Baltic Panamax Index” or “BPI”</b>	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
<b>“Board”</b>	the board of Directors
<b>“BVI”</b>	the British Virgin Islands
<b>“CG Code”</b>	Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules
<b>“Company”</b>	Great Harvest Maeta Holdings Limited (榮豐億控股有限公司) (formerly known as Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司)), an exempted company incorporated in the Cayman Islands on 21 April 2010 under the Companies Laws, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability
<b>“Daily TCE”</b>	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

<b>“Director(s)”</b>	director(s) of the Company
<b>“dwt”</b>	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
<b>“EBITDA”</b>	earnings before interest, tax, depreciation and amortisation, computed to exclude reversal of impairment losses on property, plant and equipment or impairment loss on property, plant and equipment
<b>“Epidemic”</b>	the coronavirus (COVID-19) epidemic
<b>“GH GLORY/ HARMONY Loan”</b>	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 and GH HARMONY. The principal amount shall be repayable by quarterly instalments commencing on 30 June 2021
<b>“GH POWER Loan”</b>	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
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hainan Land”</b>	two parcels of land located at Meidian Slope, Hongqi Town, Qionghshan District, Haikou, Hainan Province, the PRC
<b>“HK\$” and “HK cents”</b>	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
<b>“Main Board”</b>	the stock market operated by the Stock Exchange, which excludes the GEM of the Stock Exchange and the options market
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“Mr. Yan”</b>	Mr. YAN Kim Po (殷劍波先生), the joint chairperson of the Board, and an executive Director of the Company and the husband of Ms. Lam
<b>“Ms. Lam”</b>	Ms. LAM Kwan (林群女士), the joint chairperson of the Board, the chief executive officer of the Company, an executive Director and the wife of Mr. Yan
<b>“Nomination Committee”</b>	the nomination committee of the Board

## GLOSSARY

<b>“PRC” or “China”</b>	the People’s Republic of China which, for the purposes of this interim report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Remuneration Committee”</b>	the remuneration committee of the Board
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
<b>“Sfund”</b>	Sfund International Investment Fund Management Limited (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong on 11 August 2015, which was the holder of Top Build Convertible Bonds in the principal amount of US\$50,230,000 as at 30 September 2022
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.01 each in the share capital of the Company
<b>“Share Option Scheme”</b>	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
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Top Build”</b>	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
<b>“Top Build Convertible Bonds”</b>	the convertible bonds in the total original principal amount of US\$54,000,000 due on 10 May 2021 issued by the Company initially to Mr. Yan, Ms. Lam and Mr. Yin Hai and subsequently transferred to Sfund
<b>“Union Apex”</b>	Union Apex Mega Shipping Limited (聯合佳成船務有限公司), a company incorporated in Hong Kong on 2 December 2009 and a wholly-owned subsidiary of the Company
<b>“United States” and “US”</b>	United States of America
<b>“US\$” and “US cents”</b>	United States dollars and cents, respectively, the lawful currency of the United States

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. YAN Kim Po (殷劍波) (*Joint Chairperson*)

Ms. LAM Kwan (林群) (*Joint Chairperson and Chief Executive Officer*) (appointed as Joint Chairperson 30 September 2022)

Ms. ZHAO Lihong (趙曆宏)  
(appointed on 3 November 2022)

### 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)  
(resigned 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)  
(appointed on 30 September 2022)

Mr. WAI Kwok Hung (韋國洪)  
(resigned on 30 September 2022)

### Remuneration Committee

Dr. CHAN Chung Bun Bunny (陳振彬)  
(*Chairperson of Remuneration Committee*)

Mr. YAN Kim Po (殷劍波)

Mr. CHEUNG Kwan Hung (張鈞鴻)

### Nomination Committee

Mr. YAN Kim Po (殷劍波)  
(*Chairperson of Nomination Committee*)

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)  
(resigned on 30 September 2022)

### Company secretary

Mr. WONG Kwok Keung (黃國強)

### Authorised representatives

Mr. Yan Kim Po (殷劍波)

Mr. WONG Kwok Keung (黃國強)

Ms. LAM Kwan (林群)  
(*alternate to the authorised representatives*)

### Registered office

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

### Headquarters and principal place of business in Hong Kong

12th Floor  
200 Gloucester Road  
Wanchai  
Hong Kong

### Principal share registrar and transfer office in the Cayman Islands

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

### Hong Kong share registrar and transfer office

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](http://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.

# FINANCIAL HIGHLIGHTS

	Six months ended 30 September (Unaudited)	
	2022 US\$'000	2021 US\$'000
Revenue	10,790	10,273
Gross profit	2,596	5,399
Total comprehensive (loss)/income attributable to owners of the Company	(3,458)	15,222
EBITDA	7,202	5,786
Earnings per share attributable to owners of the Company		
— Basic	US0.153 cents	US1.535 cents (Restated)
— Diluted	US0.002 cents	US1.159 cents

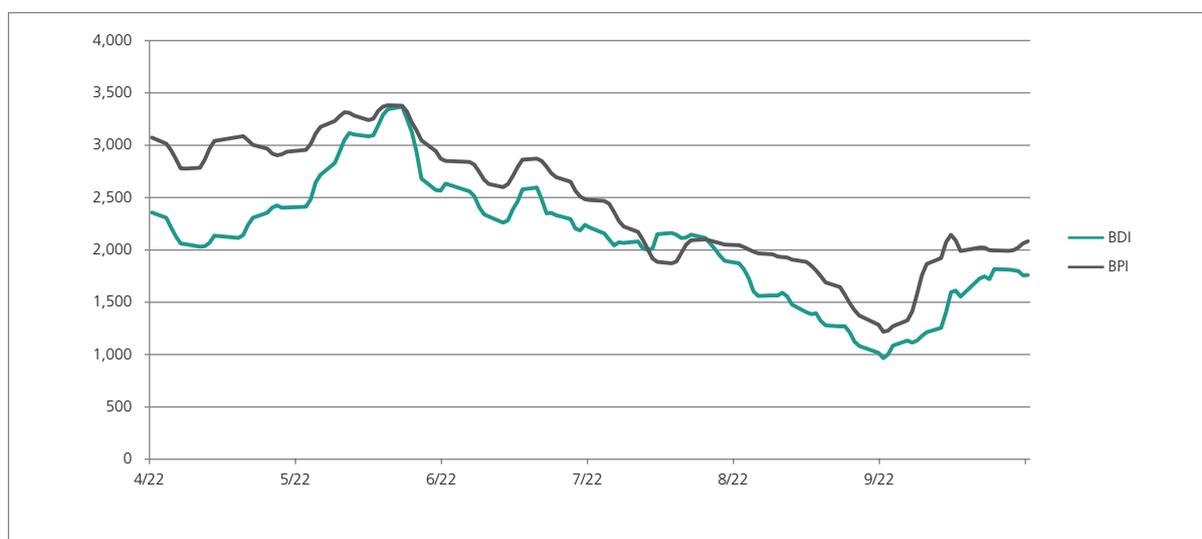
  

	(Unaudited)	(Audited)
	30 September 2022 US\$'000	31 March 2022 US\$'000
Total assets	142,800	153,731
Total liabilities	(95,016)	(101,995)
Net assets	47,784	51,736

# MANAGEMENT DISCUSSION AND ANALYSIS

## Market Review

**Daily Variation Chart of Baltic Dry Index (BDI) and Baltic Panamax Index (BPI)**  
1 April 2022 – 30 September 2022



BDI high at 3,369 in May 2022, low at 965 in August 2022 and average at 2,078.

BPI high at 3,382 in May 2022, low at 1,217 in August 2022 and average at 2,416.

Affected by a combination of factors such as the continual spread of the Epidemic, the escalating conflict between Russia and Ukraine as well as worsening inflation, global economic growth has been slowing down, demand for the shipment of bulk commodities was suppressed and the shipping industry shifted from rapid expansion to immense fluctuations in the first half of 2022.

Entering the third quarter, world economic growth and bulk commodities prices were further dampened by successive interest rate hikes in the United States. Europe, meanwhile, experienced an energy crunch and therefore boosted imports from other countries, which augmented the prices of such commodities and in turn the shipping rates of vessels for energy transportation, due to its heavy reliance on Russian energy supply in the past and the extreme heat in the third quarter of the year. In China, the increase in infrastructure investment driven by the country's stable growth policy bolstered demand for imported iron ore while a drought jacked up the demand for electricity and thus the importation of coal. As a result, the international dry bulk shipping market witnessed solid demand.

## MANAGEMENT DISCUSSION AND ANALYSIS

Amid such ups and downs, the Baltic Dry Index (BDI) plunged to an average of 2,078, representing a drop of 39% as compared with the corresponding period last year. The Baltic Panamax Index (BPI) averaged 2,416 during the period between 1 April 2022 and 30 September 2022, representing a decrease of 27.4% as compared to 3,329 for the corresponding period last year.

However, the number of new dry bulk shipping vessels delivered in 2022 remained low with an expected annual increase in dry bulk shipping capacity of 2.5%, which was 1 percentage point lower than last year. Such a low number helped stabilise the dry bulk shipping market to some extent.

### Business Review

The Group's vessels were in sound operation as at 30 September 2022. Currently, the fleet has a size of 319,923 dwt and an average age of 16 years.

The fleet maintained a relatively high operating performance with an average vessel charter-out percentage of 96.2% for the first half of the year. The average daily charter hire income of each vessel in the fleet was approximately US\$15,905 per day, which was 9.9% higher as compared to the level for the corresponding period last year. All freight rates and charter hires were basically received in full without huge amounts of account receivables. 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 performance during the period.

One of the Group's vessels, GH Harmony, was arranged for regular periodical inspection and dock repair between June and July 2022, resulting in a loss of charter time totalling 31 days.

As the fleet was still subject to the impact of the Epidemic, certain routine operations, such as change of crew and delivery of supplies, were delayed and disrupted with increasing costs. The Group had made its efforts to minimise such additional costs and keep the actual loss at a minimum level, and 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.

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

Given the market developments during the year, dry bulk shipping demand rose to approximately 5,472 million tonnes at a year-on-year growth rate of 2.2%, which was lower than that for the year 2021.

Following a steep decline in the first half of the year, the production volume of raw steel in the PRC is expected to revive gradually in the second half. Save for Russia and Ukraine, most of the major steel producing countries increased their production, thereby bringing about new changes and optimism to the global iron ore trading market.

## MANAGEMENT DISCUSSION AND ANALYSIS

On the other hand, the global coal shipping and trading market reshuffled drastically for the year to date as demand from India, Southeast Asia and Europe surged while imports to China softened. Driven by Europe and Southeast Asia, global coal trade is expected to resume positive growth.

Furthermore, the grain trading market for the second half of 2022 is relatively optimistic. Soy exports from the United States for the fourth quarter will increase significantly while Brazil reaped a bumper harvest of corn. Add to that the disruption to grain export from the Black Sea, and buyers across the globe flocked to the Americas for grain, thus increasing shipping distances. The prospects of this market are expected to remain good.

Bauxite trade will also remain active. Shipping volume of nickel ore will continue to rise steadily. Steel trade will still have room for growth. Other commodities such as petroleum coke, cement clinker, copper ore and manganese ore will see moderate increases.

Longer shipping distance as a result of such changes in the trading market will be conducive to the transportation market.

Also, the overall estimated ratio between growths in international dry bulk shipping demand and capacity remains reasonable at 2.2%:2.5%. However, the Russo-Ukrainian conflict, among other factors, resulted in a drastic change in the global dry bulk trading system. As demand turnover rate in terms of ton nautical mile outweighed trading volume, the market in general is predicted to stay buoyant throughout the year.

The Group expects that the macro environment in the second half of the year to be more complicated and volatile. Global economic growth has been significantly disrupted by the energy and food crisis caused by the Russo-Ukrainian conflict, rising risk of stagflation, and the tightening monetary policies in European countries and the United States. In the face of a combination of factors such as lowering end-market demand, energy and food supply shortage and changing trade environment, the global shipping market will experience changes in shipping demand and moderate fluctuations in shipping prices.

Given the fluctuation in spot freight rates and changes in market conditions, the Group will maintain its prudent operating strategies by enhancing the daily management of its 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 Group. Meanwhile, the Group will strictly control its operating costs and curb all unnecessary expenses.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Despite complicated world geopolitics and downward economic pressure, Hainan Province has improved its business environment and reconciled pandemic control and socio-economic development by making good use of its unique natural resources and favourable policies for the Hainan Free Trade Port since the start of the year. In accordance with the economic stabilisation policies promulgated by the central government, Hainan province issued the Pandemic Control and Economic Stimulus Reconciliation Plan of the Hainan Province, pursuant to which a series of economic stabilisation measures has been adopted to step up business liaison efforts, support enterprises in difficulty, accelerate infrastructure development and boost investment in the fixed assets of selected projects. As a result, Hainan Province as a whole recorded positive growth in a number of indicators such as gross domestic product (GDP), investment in fixed assets, import and export of goods and actual use of foreign investment. In particular, trading, import and export of goods experienced a relatively strong growth after the implementation of favourable policies for the Hainan Free Trade Port. Such developments clearly demonstrated the strength and appeal of the free trade port.

## MANAGEMENT DISCUSSION AND ANALYSIS

To promote the healthy development of its real estate market based on the national policies to stabilise home prices, land premiums and market sentiment, ensure property delivery and the people's livelihood, and bolster the healthy development of the real estate market and economic recovery under the mantra that "houses are for living in, not for speculation", Hainan Province has also implemented a series of policies during the year, such as speeding up the development of affordable housing projects, relaxing price limits of commercial housing properties, raising mortgage ratios, lowering mortgage rates, easing homebuyer eligibility and reducing the types and amount of saleable commercial housing. Such policies have been conducive to stabilising the real estate market in Hainan. Due to the impacts of the pandemic, the decrease in land supply for commercial housing and the wait-and-see approach as to sale adopted by developers on the real estate market in Hainan, the area of commercial housing sold in Hainan dropped while the average transaction price of commercial housing across the province surged between January and September 2022. In contrast with the falling commercial housing prices in most of the cities across the country, the upward trend in Hainan signified the bright prospects and attractiveness of the province's real estate market. Based on its unique natural resources and favourable policies for the free trade port, Hainan Province has opened up its real estate market to not only buyers from across the country, but also overseas markets across the globe since the closure of its border and the operation of the free trade port. Going forward, Hainan will largely follow the model of Singapore to satisfy domestic and overseas demand for home ownership and property investment in the province by better meeting indemnificatory housing demand through boosting the development of affordable housing, strictly controlling the supply of land for commercial housing and systematically relaxing the purchase restriction for commercial housing. In view of the demand for investment in Hainan from domestic and foreign investors, the real estate market in the province will face long-term housing supply shortage in the future. As a result, existing investors in lands in Hainan will stand to make great profit from the development of the Hainan Free Trade Port.

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 of the date of this report, due to the continuous impact of the Epidemic in Mainland China, both parties will continue to promote project cooperation after the Epidemic.

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 of the date of this report, due to the continuous impact of the Epidemic in Mainland China, both parties will continue to promote project cooperation after the Epidemic.

\* For identification purposes only

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Revenue

The revenue of the Group increased from about US\$10.3 million for the six months ended 30 September 2021 to about US\$10.8 million for the six months ended 30 September 2022, representing an increase of about US\$0.5 million, or about 5.0%. The average daily charter hire income of the Group's fleet increased from approximately US\$14,478 for the six months ended 30 September 2021 to approximately US\$15,905 for the six months ended 30 September 2022. The increase in revenue was due to the chartering agreements with favourable daily charter hire income between April and July 2022.

#### Cost of services

Cost of services of the Group increased from about US\$4.9 million for the six months ended 30 September 2021 to about US\$8.2 million for the six months ended 30 September 2022, representing an increase of approximately US\$3.3 million, or about 68.1%. Subject to the impact of COVID-19, operations cost such as manning cost and crew costs increased by about US\$0.9 million. Depreciation of vessels increased by around US\$1.5 million after the reversal of impairment recorded in the year ended 31 March 2022. The fuel cost changed from a credit of US\$0.7 million for the six months ended 30 September 2021 to an expense of US\$0.2 million for the six months ended 30 September 2022 which reflected the marked-to-market loss in bunker inventory as bunker price drop during the period.

#### Gross profit

The Group recorded a gross profit drop from about US\$5.4 million for the six months ended 30 September 2021 to about US\$2.6 million for the six months ended 30 September 2022, representing a drop of approximately US\$2.8 million, while the gross profit margin dropped from approximately 52.6% for the six months ended 30 September 2021 to approximately 24.1% for the six months ended 30 September 2022. The decline in gross profit was due to a mild increase in revenue but significant increase in depreciation of vessels, and other operating costs.

#### General and administrative expenses

General and administrative expenses of the Group decreased from approximately US\$1.5 million for the six months ended 30 September 2021 to approximately US\$1.4 million for the six months ended 30 September 2022, representing a decrease of approximately US\$0.1 million or approximately 5.0%. It was mainly due to the stringent cost control which led to reduction in administrative expenses, partially offset by the legal and professional fees arising from arrangement of the Supplemental Settlement Agreement of the Top Build Convertible Bonds.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Finance costs

Finance costs of the Group decreased from about US\$1.8 million for the six months ended 30 September 2021 to about US\$1.7 million for the six months ended 30 September 2022, representing a decrease of approximately US\$0.1 million. At the date of entering into the Supplemental Settlement Agreement, the carrying value of Top Build Convertible Bonds was reassessed based on the terms of such agreement. The interest expenses arising from the amortisation of the Top Build Convertible Bonds increased by approximately US\$0.3 million as compared to last period. Such increment was set off by the moderate decrease in interest expenses approximately US\$0.4 million from bank loan, loan from a financial institution and shareholder's loan as a result of repayments made during the period.

### Profit for the period

The Group's profit for the period dropped by US\$13.2 million from approximately US\$14.6 million for the six months ended 30 September 2021 to approximately US\$1.4 million for the six months ended 30 September 2022. The significant decrease in profit for the period was mainly attributable to following factors: (i) a moderate increase in revenue due to favourable chartering agreement signed between April to July 2022; (ii) the sharp increase in operating costs especially crew costs due to COVID-19 measures; (iii) the increase in depreciation after reversal of impairment losses on vessels owned by the Group recorded in the year ended 31 March 2022; (iv) the marked-to-market loss in bunker inventory; (v) at the date of entering into the Supplemental Settlement Agreement, the carrying value of Top Build Convertible Bonds was reassessed based on the terms of the agreement and a gain on modification of Top Build Convertible Bonds of approximately US\$2.6 million was recognised as other gains in the six months ended 30 September 2022 and (vi) the change in fair value of the vessels owned by the Group after taken into account current market changes, there was an impairment loss of about US\$0.7 million for the six months ended 30 September 2022 while a reversal of impairment loss amounted US\$12.5 million was recorded for the six months ended 30 September 2021.

### EBITDA

The Group's EBITDA has increased from US\$5.8 million for the period ended 30 September 2021 to US\$7.2 million for the period ended 30 September 2022 due to moderate increase in revenue arisen from favourable chartering agreements signed and the other gains recognized on the modification of carrying value of the Top Build Convertible Bonds.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Convertible Bonds

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

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

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

As disclosed in the announcement of the Company dated 15 July 2022, pursuant to the Supplemental Settlement Agreement, the Petitioner and the Company have executed and filed a consent summons to the High Court of Hong Kong for the withdrawal of the Petition. On 15 July 2022, the Company received the order of the High Court of Hong Kong dated 14 July 2022 which ordered, among other things, that the Petition be withdrawn. The first and second instalments of US\$500,000 each were repaid on 2 August 2022 and 30 September 2022 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity, financial resources, capital structure and gearing ratio

As at 30 September 2022, the Group's cash and cash equivalents amounted to approximately US\$2.4 million (as at 31 March 2022: approximately US\$2.7 million), of which approximately 95.97% were denominated in US\$, approximately 3.99% were denominated in HK\$ and approximately 0.04% were denominated in RMB. Outstanding bank borrowings amounted to approximately US\$12.2 million (as at 31 March 2022: approximately US\$12.9 million) and other loans (including convertible bonds) amounted to approximately US\$57.9 million (as at 31 March 2022: approximately US\$61.6 million), of which 99.04% were denominated in US\$ and 0.96% were denominated in HK\$.

As at 30 September 2022 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 49.1% and 48.5% respectively. The change in gearing ratio as at 30 September 2022 was mainly due to 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 period; (iii) the decrease in carrying value of the Top Build Convertible Bonds after reassessed based on the terms of the agreement; and (iv) the repayment of borrowings and loans.

The Group recorded net current liabilities of about US\$15.5 million as at 30 September 2022 and approximately US\$66.0 million as at 31 March 2022. It was mainly due to the fact that the Top Build Convertible Bonds are no longer under default at the date of signing the Supplemental Settlement Agreement and the carrying value was reassessed according to the terms of such agreement. The carrying amount was decreased from US\$51.2 million as at 31 March 2022 to US\$48.8 million as at 30 September 2022 after reassessment out of which US\$46.8 million was classified as non-current liabilities as at 30 September 2022.

On 29 March 2019, Bryance Group Limited, a wholly-owned subsidiary of the Company, has entered into the 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 the 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 30 September 2022.

The Group monitors the current and expected liquidity requirements regularly to mitigate the effects of fluctuations in cash flows. The Company has entered into six loan facility agreements with Ablaze Rich, a controlling shareholder of the Company, 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 2022.

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 30 September 2022, US\$2.0 million of the loan amount had been drawn down by the Company under the Sixth Facility.

The First Facility will be repayable on an extended repayment date which is on or before 30 March 2024, the Second Facility will be repayable on an extended repayment date which is on or before 30 March 2024 and the Sixth Facility will be repayable on or before 30 March 2024. These loan facilities are unsecured and carry an interest of 4% per annum. As at the date of this report, the drawn amount under the Third Facility, the Fourth Facility and the Fifth Facility have been repaid in full and US\$1,050,000 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 report, US\$4.0 million was obtained under the terms of the deed.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Exposure to fluctuations in exchange rate risk and related hedges

The Group's transactions and monetary assets were primarily denominated in US\$. Operating expenses of the Group's Hong Kong subsidiary were primarily denominated in HK\$ and that of the Group's PRC subsidiary was primarily denominated in RMB and the borrowings and loans of the Group were denominated in US\$ 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 borrowing 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 30 September 2022, the Group recorded outstanding bank loans and loan from a financial institution of about US\$13.2 million and all these loans carried interest at floating rate.

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

- Corporate guarantee from the Company (in respect of the GH POWER Loan);
- First preferred mortgages over the vessels held by the Group;
- Assignment of the 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.

The Directors have confirmed that, save as disclosed above, as at the date of this report, there are no other matters that would require disclosure under Rules 13.13 to 13.19 of the Listing Rules.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Charges on assets

As at 30 September 2022, the Group had pledged the following assets to a bond holder, bank and a financial institution as securities against the Top Build Convertible Bonds, bank borrowing and loan facilities granted to the Group:

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
Investment properties	32,910	—
Property, plant and equipment	66,127	54,356
Pledged deposit	500	500
Pledged bank deposits	1,653	1,390
	101,190	56,246

### Material acquisitions and disposals

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures for the six months ended 30 September 2022.

### Significant investment

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 30 September 2022.

### Important events after the end of the financial period

- (1) The Group intends to develop and conduct new businesses, including but not limited to trading, barter exchange, e-commerce, investment and logistics, through a Hong Kong company established and indirectly wholly-owned by the Company, namely Great Harvest Culture Development Company Limited, which has been renamed Hong Kong Dedao International Group Limited ("Dedao"). Details of the new business development and change of name of Dedao are set out in the Company's announcements dated 30 October 2022 and 9 November 2022 respectively.
- (2) Ms. ZHAO Lihong has been appointed as an executive Director with effect from 3 November 2022. Details of her appointment are set out in the Company's announcement dated 3 November 2022.

Save as disclosed above, there is no material important event undertaken by the Company or by the Group after 30 September 2022 and up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Contingent liabilities

There were no other material contingent liabilities for the Group as at 30 September 2022.

### Interim dividend

The Board does not recommend any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

### Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2022.

### Employees' remuneration and retirement scheme arrangements

As at 30 September 2022, the Group had a total of 97 employees (as at 30 September 2021: 95 employees). For the six months ended 30 September 2022, the total salaries and related costs (including Directors' fees) amounted to approximately US\$3.0 million (as at 30 September 2021: US\$2.2 million). It is the Group's policy to remunerate its employees with reference to the relevant market situation, and accordingly the remuneration level of the Group's employees remains at a competitive level and is adjusted in accordance with the employees' performance. Other benefits offered by the Group include mandatory provident fund scheme and medical insurance.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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

## Board of Directors

### Executive Directors

**Mr. YAN Kim Po (殷劍波)**, aged 61, is an executive Director and the co-founder of the Group. From the incorporation date of the Company to 30 September 2022, Mr. YAN is the sole chairman, and has been serving as joint chairperson since 30 September 2022 following the appointment of Ms. LAM as the other joint chairperson. Mr. YAN is the spouse of Ms. LAM. Mr. YAN as the joint chairperson, is responsible for formulating the strategic planning of the Group's existing business and overall leadership. Mr. YAN is also a director of certain subsidiaries of the Company. Mr. YAN is an experienced entrepreneur and has extensive experience in the marine transportation industry and in the investment, production, operation and trading in the mining and steel industry. He is currently a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on the TSX Venture Exchange in Canada. Mr. YAN was appointed as a Justice of the Peace in 2010 and has held various positions in society, including Founding Chairman and Life Honorary President of The Hong Kong Energy and Minerals United Associations, Executive Vice President of The Association of Chinese Culture of Hong Kong, Vice President of The Association for the Promotion of Global Chinese Traders Fraternity, Honorary President of Hong Kong Association of Youth Development, a fellow member of the Hong Kong Institute of Directors and a World Outstanding Chinese. Mr. YAN is currently a director of Ablaze Rich, which has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors' and Chief Executives' interests and Short Positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

**Ms. LAM Kwan (林群)**, aged 55, is the chief executive officer of the Company, an executive Director and the co-founder of the Group. Ms. LAM has been appointed as joint chairperson since 30 September 2022. Ms. LAM is the spouse of Mr. YAN. Ms. LAM as the joint chairperson and chief executive officer, is primarily responsible for the strategic formulation of the new business and day-to-day management and overall business operations as well as its finance and administrative management for the Group. She is also a director of each of the subsidiaries of the Company. Ms. LAM has extensive experience in the marine transportation industry. Ms. LAM is currently a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on the TSX Venture Exchange in Canada and she was a director of HS Optimus Holdings Limited (formerly known as KLW Holdings Limited) (SGX stock code: 504), a company listed on Singapore Exchange Securities Trading Limited, from August 2016 to July 2021. She has been appointed as chairman of Pok Oi Hospital on 1 April 2022 and is currently a director of the Hong Kong Energy and Minerals United Associations and an honorary director of Hong Kong Baptist University Foundation, and a fellow member 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 have an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors' and Chief Executives' interests and Short Positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. ZHAO Lihong (趙曆宏)**, aged 44, has been serving as an executive Director since 3 November 2022. Ms. ZHAO graduated from Harbin University of Commerce\* (哈爾濱商業大學) with a master's degree in business administration in April 2010 and has been a level one financial planner (一級理財規劃師) in the People's Republic of China since April 2015. Ms. ZHAO has extensive experience in sales and trading. From February 2005 to December 2010, Ms. ZHAO worked as a deputy general manager of Tianan Insurance Co., Ltd., Heilongjiang Branch\* (天安保險股份有限公司黑龍江省分公司). From November 2010 to February 2015, Ms. ZHAO worked at Tianan Property Insurance Co., Ltd.\* (天安財產保險股份有限公司) as the general manager of its strategic client headquarters. From March 2015 to December 2019, Ms. ZHAO was chairman of the board of Beijing Ibarter Information Technology Co., Ltd.\* (北京愛巴特信息科技有限公司), which was principally engaged in e-commerce and barter exchange. From January 2020 to September 2022, Ms. ZHAO worked as a general manager of Beijing Guangmao Express Car Rental Co., Ltd.\* (北京廣茂運通汽車租賃有限公司). Ms. ZHAO is a member of the ninth Chinese People's Political Consultative Conference of Sartu District, Daqing City\* (中國人民政治協商會議大慶市薩爾圖區第九屆委員會). Ms. ZHAO is not interested in any Shares within the meaning of Part XV of the SFO as at the date of this interim report.

### 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 13 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 "Corporate Governance and Other Information — Directors' and Chief Executives' interests and Short Positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

\* For identification purposes only

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Dr. CHAN Chung Bun Bunny (陳振彬)**, *GBM, GBS, JP*, aged 65, has been serving as an independent non-executive Director since 13 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 four other companies listed on the Main Board of the Stock Exchange, namely Li Ning Company Limited (Stock Code: 2331), Speedy Global Holdings Limited (Stock Code: 540), Glorious Sun Enterprises Limited (Stock Code: 393) and MTR Corporation Limited (Stock Code: 66). Dr. CHAN has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Corporate Governance and Other Information — Directors' and Chief Executives' interests and Short Positions in Shares, underlying Shares and debentures of the Company and its associated corporation" of this interim report.

**Ms. WONG Tsui Yue Lucy (黃翠瑜)**, aged 61, has been serving as an independent non-executive Director 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 operated 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 interim report.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Senior management

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

**Mr. WONG Kwok Keung (黃國強)**, aged 48, has been the chief financial officer and company secretary of the Company since 31 January 2019. Mr. WONG is responsible for the corporate finance, investor relations, financial management and company secretarial matters of the Company. Mr. WONG obtained a master's degree of Science in Finance Analysis from Hong Kong University of Science and Technology in 2010 and a master's degree of Corporate Governance from The Hong Kong Polytechnic University in 2014. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an associate member of Hong Kong Chartered Governance Institute and The Institute of Chartered Secretaries and Administrators. Mr. WONG has over 24 years of working experience in several listed companies in Hong Kong and well-known organisations across jewellery trading, property leasing and development, garment and electronics manufacturing in the Greater China and Asia Pacific regions. Prior to joining the Company, he served as the senior management of several listed companies in Hong Kong and worked for a global audit and consulting firm for over 15 years. He has been appointed as a director of Adex Mining Inc. (TSXV stock code: ADE), a company listed on TSX Venture Exchange in Canada since October 2017.

\* For identification purposes only

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2022, the interests and short positions of the Directors and/or the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of Director	Capacity/ Nature of interest	Number of Shares held <i>(Note 1)</i>	Number of underlying Shares held <i>(Note 1)</i>	Approximate percentage of interest (%) <i>(Note 10)</i>
Mr. Yan	Interest of controlled corporation <i>(Note 2)</i>	614,990,000 (L)	—	64.56%
	Family interest <i>(Note 3)</i>	11,370,000 (L)	—	1.19%
	Family interest <i>(Note 4)</i>	30,192,500 (L)	—	3.17%
	Beneficial owner and interest of spouse <i>(Note 5)</i>	—	381,843,064 (S)	40.08%
Ms. Lam	Interest of controlled corporation <i>(Note 6)</i>	645,182,500 (L)	—	67.73%
	Beneficial owner <i>(Note 3)</i>	11,370,000 (L)	—	1.19%
	Beneficial owner and interest of spouse <i>(Note 5)</i>	—	381,843,064 (S)	40.08%
Mr. CHEUNG Kwan Hung	Beneficial owner <i>(Note 7)</i>	—	800,000 (L)	0.08%
Dr. CHAN Chung Bun Bunny	Beneficial owner <i>(Note 8)</i>	—	800,000 (L)	0.08%
Mr. WAI Kwok Hung (resigned on 30 September 2022)	Beneficial owner <i>(Note 9)</i>	—	300,000 (L)	0.03%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

- (1) The letter “L” denotes the person’s long position and “S” denotes the person’s short position in the Shares and underlying Shares of the Company.
- (2) These 614,990,000 Shares were held by Ablaze Rich. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each 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 favor of Sfund pursuant to which Sfund may request Mr. Yan and Ms. Lam to purchase these Top Build Convertible Bonds. On 15 July 2020, Sfund has exercised the put options. As at the date of this report, the completion of the put option has not taken place. The exercise of the conversion rights attaching to the Top Build Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules. As Mr. Yan and Ms. Lam have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares in which the other was interested by virtue of the SFO.
- (6) These 645,182,500 Shares were held as to 614,990,000 Shares by Ablaze Rich and as to 30,192,500 Shares by All Ages. The entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. As such, each 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 30 September 2022.
- (8) On 30 April 2015, Dr. CHAN Chung Bun Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the 2011 Share Option Scheme. All these share options remained outstanding as at 30 September 2022.
- (9) On 30 April 2015, Mr. WAI Kwok Hung (“Mr. WAI”) was granted share options of the Company in respect of 800,000 Shares pursuant to the 2011 Share Option Scheme. 300,000 share options remained outstanding as at 30 September 2022. As Mr. WAI resigned as an independent non-executive Director on 30 September 2022, such share options lapsed on the same day under the terms of the 2011 Share Option Scheme.
- (10) The percentage is calculated on the basis of 952,613,513 Shares in issue as at 30 September 2022.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Interest in shares and underlying shares of an associated corporation:

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

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

Save as disclosed above, as at 30 September 2022, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As at 30 September 2022, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/ nature of interest	Number of Shares held (Note 1)	Number of underlying Shares held (Note 1)	Approximate percentage of interest (%) (Note 4)
Ablaze Rich	Beneficial owner	614,990,000 (L)	—	64.56%
廣州匯垠發展投資合夥企業(有限合夥)(for identification purpose only, 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%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 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 in the 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 30 September 2022.

Save as disclosed above, as at 30 September 2022, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 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 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 interim report, 1,850,000 share options were outstanding under the 2011 Share Option Scheme. Accordingly, as at the date of this interim report, 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.

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

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

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. Subject to the early termination of the Share Option Scheme in accordance with the rules thereof, the Share Option Scheme shall remain in force for a period of ten years commencing on 18 August 2021.

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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

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

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

No share option has been granted under the Share Option Scheme since its commencement date (i.e. 18 August 2021) and up to 30 September 2022.

During the six months ended 30 September 2022, movements of the share options granted under the 2011 Share Option Scheme are summarised as follows:

List of grantees	Date of grant	Exercisable period	Closing price per Share immediately before the date of grant HK\$	Exercisable price per share HK\$	Number of share options					Outstanding as at 30 September 2022
					Outstanding as at 1 April 2022	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	
<b>Directors</b>										
Mr. CAO Jiancheng (Note 1)	21 October 2011	21 October 2014-20 October 2021	\$1.15	\$1.15	0	—	—	—	—	0
	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
<b>Sub-total</b>					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
<b>Sub-total</b>					250,000	—	—	—	—	250,000
<b>Total</b>					4,450,000	—	—	2,600,000	—	1,850,000

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

- (1) Mr. CAO Jiancheng (“Mr. CAO”) resigned as an executive Director with effect from 18 August 2021. All remaining share options of Mr. CAO 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 is a consultant of the Group and have provided accounting consultancy services. Such options were granted to recognise and reward the participation and involvement of this consultant in the business development of the Group. Apart from the exercise price as set out above, no other terms and conditions (including performance target) were imposed on the grant of such options to this consultant.

### Change in information of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of the Directors required to be disclosed are set out below:

Mr. WAI Kwok Hung ceased to be an independent non-executive Director and a member of each of the Audit Committee and Nomination Committee of the Board with effect from 30 September 2022.

Ms. WONG Tsui Yue Lucy has been appointed as an independent non-executive Director and a member of each of the Audit Committee and Nomination Committee of the Board with effect from 30 September 2022.

Ms. Lam, an executive Director and the chief executive officer of the Company, has been appointed as joint chairperson of the Company with effect from 30 September 2022.

Mr. Yan, an executive Director and the current chairperson of the Company, remains as the other joint chairperson of the Company.

Mr. CHEUNG Kwan Hung ceased to be an independent non-executive Director of NewOcean Energy Holdings Limited (“NewOcean”) (stock code: 342) with effect from 21 December 2021. NewOcean received an order made by the High Court of the Hong Kong Special Administrative Region on 13 October 2022 for the appointment of joint liquidators.

Ms. ZHAO Lihong has been appointed as an executive Director with effect from 3 November 2022.

Save as disclosed above, there is no other change in information regarding the Directors or chief executives of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### Compliance with the CG Code

The Company has adopted the principles and code provisions set out in the CG Code. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company’s standards of corporate governance practices.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 September 2022, the Company has complied with the CG Code except for the deviation as described below:

Following the appointment of Ms. Lam as joint chairperson of the Board, the Company will deviate from Code Provision C.2.1 of the CG code as set out in Part 2 of Appendix 14 to the Listing Rules. As disclosed in the announcement of the Company dated 30 September 2022, under the current corporate governance structure, Mr. Yan as the chairperson is primarily responsible for formulating the strategic planning of the Group's existing business and overall leadership, while Ms. Lam as the chief executive officer is responsible for the management and implementation of major strategies and initiatives adopted by the Board. Going forward, the Board intends to search for new opportunities to expand the Group's business in order to diversify the Group's business and explore different sources of revenue with new opportunities. In this regard, Ms. Lam has extensive experience in trading and retail businesses in addition to her leadership, social networks and relationship and management skills, and the Board is of the opinion that Ms. Lam's experience and insights will be beneficial to the Group's overall expansion plans. While Mr. Yan and Ms. Lam will continue to lead the strategic planning and management of the Group's current business respectively, the Board considers that in the interests of the Company and its shareholders as a whole, Ms. Lam should also lead the strategic formulation of the new business given her extensive experience and insight in the relevant fields. Further, taking into account the consistent leadership of Ms. Lam within the Group and in order to enable more effective and efficient overall strategic planning, the Board considers it adequate for Ms. Lam to take on the role of joint chairperson and chief executive officer at the same time.

Taking into account the above reasons, the Board considered that the roles of joint-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 joint-chairperson and chief executive officer separately.

Save as disclosed above, the Company had complied with all the code provisions during the six months ended 30 September 2022.

### Compliance with the Model Code

The Company has adopted the Model Code 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 throughout the six months ended 30 September 2022.

### Appreciation

The Board would like to sincerely thank all our staff for their hard work and all our business partners for their trust and support.

On behalf of the Board  
**YAN Kim Po**  
*Joint Chairperson*

Hong Kong, 25 November 2022

# AUDIT COMMITTEE REPORT

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022, which has also been reviewed by the Group's auditor, SHINEWING (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **Members of the Audit Committee**

Mr. CHEUNG Kwan Hung (*Chairperson*)

Dr. CHAN Chung Bun Bunny

Ms. WONG Tsui Yue Lucy

Hong Kong, 25 November 2022

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GREAT HARVEST MAETA HOLDINGS LIMITED

*(incorporated in Cayman Islands with limited liability)*

### Introduction

We have reviewed the condensed 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 36 to 70, which comprise the condensed consolidated statement of financial position as at 30 September 2022, and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Other Matter

The comparative condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 September 2021 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the condensed consolidated financial statements, which states that the Group’s current liabilities exceeded its current assets by approximately US\$15,485,000 as at 30 September 2022, which included borrowings and loans of US\$12,619,000 repayable within one year, while the Group’s cash and cash equivalents balance was US\$2,383,000.

The Group is undertaking a number of financing plans and other measures as described in Note 2.1 to the condensed 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 condensed 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 condensed 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 to the condensed 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 conclusion is not modified in respect of this matter.

### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

#### **Lee Shun Ming**

Practising Certificate Number: P07068

Hong Kong

25 November 2022

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months ended 30 September 2022

	NOTES	Six months ended 30 September	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Revenue	5	10,790	10,273
Cost of services	8	(8,194)	(4,874)
<b>Gross profit</b>		<b>2,596</b>	5,399
Other gains	6	2,588	—
Other income	7	91	14
General and administrative expenses	8	(1,438)	(1,514)
(Impairment losses)/reversal of impairment losses on property, plant and equipment	13	(670)	12,490
<b>Operating profit</b>		<b>3,167</b>	16,389
Finance income	9	5	—
Finance costs	9	(1,721)	(1,777)
Finance costs — net		(1,716)	(1,777)
Profit before income tax		1,451	14,612
Income tax expense	10	(4)	(4)
<b>Profit for the period</b>		<b>1,447</b>	14,608
<b>Profit attributable to:</b>			
Owners of the Company		1,455	14,623
Non-controlling interest		(8)	(15)
		1,447	14,608
<b>Other comprehensive (loss)/income for the period</b> <i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		(5,399)	658
<b>Total comprehensive (loss)/income for the period</b>		<b>(3,952)</b>	15,266
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		(3,458)	15,222
Non-controlling interest		(494)	44
		(3,952)	15,266
<b>Earnings per share attributable to owners of the Company</b>			
Basic earnings per share	11	US0.153 cents	US1.535 cents (Restated)
Diluted earnings per share	11	US0.002 cents	US1.159 cents

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	NOTES	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	66,132	68,515
Investment properties	14	68,386	76,482
Pledged bank deposits		505	501
		<b>135,023</b>	145,498
<b>Current assets</b>			
Trade receivables, deposits, prepayments and other receivables	15	3,746	4,156
Pledged deposit	15	500	500
Pledged bank deposits		1,148	889
Cash and cash equivalents		2,383	2,688
		<b>7,777</b>	8,233
<b>Total assets</b>		<b>142,800</b>	153,731
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	1,221	1,221
Reserves	17	42,463	45,921
		<b>43,684</b>	47,142
Non-controlling interest		4,100	4,594
<b>Total equity</b>		<b>47,784</b>	51,736

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	NOTES	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings and loans	18	8,644	9,492
Convertible bonds	20	46,801	—
Deferred income tax liabilities	19	16,309	18,241
		<b>71,754</b>	27,733
<b>Current liabilities</b>			
Other payables and accruals	21	8,640	9,242
Borrowings and loans	18	12,619	13,789
Convertible bonds	20	2,000	51,230
Tax payables		3	1
		<b>23,262</b>	74,262
<b>Total liabilities</b>		<b>95,016</b>	101,995
<b>Total equity and liabilities</b>		<b>142,800</b>	153,731

The condensed consolidated financial statements on pages 36 to 70 were approved by the Board of Directors on 25 November 2022 and were signed on its behalf by:

\_\_\_\_\_  
**YAN Kim Po**  
Director

\_\_\_\_\_  
**LAM Kwan**  
Director

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 30 September 2022

	Attributable to owners of the Company										Non-controlling interest US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Convertible bonds reserve US\$'000	Share option reserve US\$'000	Merger reserve (Note 17(a)) US\$'000	Other reserves (Note 17(b)) US\$'000	Exchange reserve US\$'000	Retained earning US\$'000	Total US\$'000			
Balance at 1 April 2022 (audited)	1,221	54,684	38,954	281	(63,808)	13,636	(673)	2,847	47,142	4,594	51,736	
<b>Comprehensive income/(loss)</b>												
Profit/(loss) for the period	—	—	—	—	—	—	—	1,455	1,455	(8)	1,447	
<b>Other comprehensive income</b>												
Currency translation differences	—	—	—	—	—	—	(4,913)	—	(4,913)	(486)	(5,399)	
Total comprehensive (loss)/income	—	—	—	—	—	—	(4,913)	1,455	(3,458)	(494)	(3,952)	
Lapse of share options	—	—	—	(165)	—	—	—	165	—	—	—	
Balance at 30 September 2022 (unaudited)	1,221	54,684	38,954	116	(63,808)	13,636	(5,586)	4,467	43,684	4,100	47,784	

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 30 September 2022

	Attributable to owners of the Company										Non-controlling interest US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Convertible bonds US\$'000	Share option reserve US\$'000	Merger reserve (Note 17(a)) US\$'000	Other reserves (Note 17(b)) US\$'000	Exchange reserve US\$'000	Accumulated loss US\$'000	Total US\$'000			
Balance at 1 April 2021 (audited)	1,221	54,684	38,954	702	(63,808)	13,636	(2,256)	(22,296)	20,837	4,463	25,300	
<b>Comprehensive income/(loss)</b>												
Profit/(loss) for the period	—	—	—	—	—	—	—	14,623	14,623	(15)	14,608	
<b>Other comprehensive income</b>												
Currency translation differences	—	—	—	—	—	—	599	—	599	59	658	
Total comprehensive income	—	—	—	—	—	—	599	14,623	15,222	44	15,266	
Balance at 30 September 2021 (unaudited)	1,221	54,684	38,954	702	(63,808)	13,636	(1,657)	(7,673)	36,059	4,507	40,566	

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months ended 30 September 2022

	<b>Six months ended 30 September</b>	
	<b>2022</b> US\$'000	2021 US\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	<b>1,451</b>	14,612
Adjustments for:		
Finance costs	<b>1,721</b>	1,777
Finance income	<b>(5)</b>	—
Gain on modification of convertible bonds	<b>(2,588)</b>	—
Depreciation of property, plant and equipment	<b>3,360</b>	1,887
Impairment losses/(reversal of impairment losses) on property, plant and equipment	<b>670</b>	(12,490)
Operating cash flows before movements in working capital	<b>4,609</b>	5,786
Decrease in trade receivable, deposits, prepayments and other receivables	<b>345</b>	267
Increase in payables and accruals	<b>229</b>	703
<b>Cash generated from operation</b>	<b>5,183</b>	6,756
Income tax paid	<b>(2)</b>	(3)
Net cash generated from operating activities	<b>5,181</b>	6,753
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(1,648)</b>	—
Purchase of investment properties	<b>—</b>	(81)
Interest received	<b>5</b>	—
Net cash used in investing activities	<b>(1,643)</b>	(81)
<b>Cash flows from financing activities</b>		
Proceed from bank borrowing	<b>—</b>	256
Proceed from loan from a financial institution	<b>—</b>	14,529
Repayments of bank borrowings	<b>(723)</b>	(10,701)
Repayments of loan from a financial institution	<b>(500)</b>	(1,153)
Interest paid	<b>(407)</b>	(722)
Redemption of convertible bonds	<b>(1,000)</b>	(2,000)
Repayments of loan from ultimate holding company	<b>(950)</b>	(3,500)
(Increase)/decrease in pledged bank deposits	<b>(263)</b>	538
Net cash used in financing activities	<b>(3,843)</b>	(2,753)
Net (decrease)/increase in cash and cash equivalents	<b>(305)</b>	3,919
Cash and cash equivalents at beginning of period	<b>2,688</b>	218
Exchange loss on cash and cash equivalents	<b>—</b>	(2)
<b>Cash and cash equivalents at end of period</b>	<b>2,383</b>	4,135

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. General information

Great Harvest Maeta Holdings Limited 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 parties are 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.

The condensed 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. Basis of preparation

This condensed consolidated financial statements of the Group for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). This condensed consolidated financial statements does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this condensed consolidated financial statements is to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2022 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and any public announcements made by the Company during the interim reporting period.

The preparation of an condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. Basis of preparation (Continued)

#### 2.1 Going concern basis

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that the default of convertible bonds on 10 May 2021 has triggered the cross default clauses in the loan agreement for (i) a bank borrowing of US\$11,494,000 and (ii) loan from a financial institution of US\$1,024,000, in which out of the above said borrowings, US\$10,129,000 shall be repayable after one year in accordance with original repayment terms.

As disclosed in Note 20, the Group entered into a supplemental settlement agreement on 29 June 2022 that the bondholder has agreed a new repayment term and among others, to conditionally withdraw the petition, and withhold taking any further litigation or claims against the Company in respect of the default. On 15 July 2022, the Company received the order of the High Court of Hong Kong that the petition has been withdrawn on 14 July 2022 and the first instalment and second instalment were repaid on 2 August 2022 and 30 September 2022 respectively. The convertible bonds are no longer under default.

Pursuant to the relevant loan agreements, the bank borrowing and the loan from a financial institution will continue become immediately repayable if the relevant financial institutions do not waive their rights arising from the events of cross-default. In light of this, reclassification of long-term borrowings of US\$10,129,000 as current liabilities is required at 30 September 2022 under applicable accounting standards.

As of 30 September 2022, the Group's current liabilities exceeded its current assets by approximately US\$15,485,000 while the Group's cash and cash equivalents balance was US\$2,383,000. In addition, the Group has entered into agreements which will involve capital commitments of approximately US\$313,000 in respect of investment properties project as at 30 September 2022.

As the financial resources available to the Group as at 30 September 2022 and up to the date of approval of these condensed 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. Basis of preparation (Continued)

#### 2.1 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) 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 30 September 2022, US\$4.05 million was obtained under the terms of the deed.

##### (ii) Financing through banks and capital market

During the six months ended 30 September 2022, the Company had reached agreement with the bondholder on the extension of maturity of the convertible bonds and withdrawal of the petition and accordingly, the management of the Company considered that the cross default clauses on the relevant borrowings have been remedied. The directors of the Company are confident that agreements with the financial institutions will be reached in due course. The Group is also actively seeking for other alternative financing and bank borrowings, to finance the settlement of its existing financial obligations and future operating and capital expenditures. Additionally, the Group is planning to raise funds through the capital market, such as placement or issue of corporate bonds and/or other sources, to finance the settlement of the outstanding redemption amount of the convertible bonds, negotiation with potential investor(s) which is ongoing as at the date of this report.

##### (iii) 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 strengthen 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 condensed consolidated financial statements on a going concern basis.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. Basis of preparation (Continued)

#### 2.1 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 condensed consolidated financial statements for issuance is dependent on the Group's ability to generate adequate operating cash flows under the market fluctuation and successful control over cost, and financing cash flows through successful renewal of its borrowings upon expiries, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant bank and financial institution upon the breach of covenant requirements, successful securing of the financing from bank with repayment terms beyond twelve months from the date of approval of these condensed consolidated financial statements for issuance, as well as the ability on provision of funding pursuant to the deed of funding undertakings by the ultimate holding company or its shareholders and adequate cash proceeds generated from assets realisation as and when needed. 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 condensed consolidated financial statements.

### 3. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2022.

In the current interim period, 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 Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

The application of the amendments to HKFRSs in the current interim period has had no 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 condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. Financial risk management

#### 4.1 Categories of financial instruments

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
<b>Financial assets</b>		
Financial assets at amortised cost	8,169	7,877
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	78,704	83,753

#### 4.2 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 condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 March 2022.

There have been no significant changes in the risk management since year end.

##### (a) 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 18) and convertible bonds (Note 20). The Group is also exposed to cash flow interest rate risk arising from floating rate bank borrowings (Note 18) and a loan from a financial institution (Note 18), net-off by bank deposits.

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

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 and loan from a financial institution bearing floating interest rates, the Group has no significant interest-bearing assets and liabilities.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. Financial risk management (Continued)

#### 4.2 Financial risk factors (Continued)

##### (a) 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 period.

As at 30 September 2022, if interest rates on bank borrowings and loan from a financial institution had been increased/decreased by 190 (31 March 2022: 190) basis points with all other variables held constant, the Group's post-tax income for the period would have been decreased/increased by US\$125,000 (year ended 31 March 2022: US\$272,000), mainly as a result of fluctuation on interest expense on variable rate bank borrowings and loan from a financial institution.

##### (b) Liquidity risk

The amount of net current liabilities of the Group is approximately US\$15,485,000 as at 30 September 2022, which causes the Group in significant liquidity risk. At the end of the reporting period, the Group has taken appropriate measures as set out in Note 2.1 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 ultimate holding company and ensures compliance with loan covenants, if any.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. Financial risk management (Continued)

#### 4.2 Financial risk factors (Continued)

##### (b) Liquidity risk (Continued)

###### *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 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
<b>As at 30 September 2022 (unaudited)</b>						
Borrowings and loans	14,108	8,613	356	136	23,213	21,263
Convertible bonds	2,000	2,000	55,944	—	59,944	48,801
Other payables and accruals	8,640	—	—	—	8,640	8,640
	<b>24,748</b>	<b>10,613</b>	<b>56,300</b>	<b>136</b>	<b>91,797</b>	<b>78,704</b>
<b>As at 31 March 2022 (audited)</b>						
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
	<b>74,268</b>	<b>9,622</b>	<b>340</b>	<b>191</b>	<b>84,421</b>	<b>83,753</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. Financial risk management (Continued)

#### 4.2 Financial risk factors (Continued)

##### (b) Liquidity risk (Continued)

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

As detailed in Note 2.1, the event of default of convertible bonds resulted in cross default of a bank borrowing and loan from a financial institution are included in the "on demand or less than 1 year" time band in the above maturity analysis. As at 30 September 2022, the aggregate undiscounted amounts of these bank borrowing and loan from a financial institution amounted to US\$12,518,000 (31 March 2022: US\$13,697,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowing and loan from a financial institution will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to US\$14,662,000.

#### 4.3 Fair value estimation

The carrying amounts for the Group's financial assets, including trade receivables, deposits and other receivables, pledged deposit, pledged bank deposits, and cash and cash equivalents and 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 30 September 2022 approximate their carrying amount as they bear interest at floating rates that are market dependent.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 condensed 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 condensed consolidated financial statements. No analysis of segment liabilities is presented as it is not regularly provided to the executive directors.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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
<b>Six months ended 30 September 2022 (unaudited)</b>				
Revenue recognised over time	10,790	—	—	10,790
Depreciation of property, plant and equipment	(3,359)	(1)	—	(3,360)
Impairment losses on property, plant and equipment	(670)	—	—	(670)
Gain on modification of convertible bonds	—	2,588	—	2,588
Finance costs	(410)	(1,158)	(153)	(1,721)
Segment profit/(loss) before income tax	915	1,335	(799)	1,451
Income tax expense				(4)
Profit for the period				1,447
<b>Six months ended 30 September 2021 (unaudited)</b>				
Revenue recognised over time	10,273	—	—	10,273
Depreciation of property, plant and equipment	(1,878)	(9)	—	(1,887)
Reversal of impairment losses on property, plant and equipment	12,490	—	—	12,490
Finance costs	(669)	(846)	(262)	(1,777)
Segment profit/(loss) before income tax	16,234	(1,010)	(612)	14,612
Income tax expense				(4)
Profit for the period				14,608

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. Revenue and segment information (Continued)

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

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

#### (b) Segment assets

	Chartering of vessels US\$'000	Property investment and development US\$'000	Unallocated US\$'000	Total US\$'000
<b>As at 30 September 2022 (unaudited)</b>				
Segment assets	73,774	68,944	82	142,800
<b>As at 31 March 2022 (audited)</b>				
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 six months ended 30 September 2022 and 2021, revenue represents hire income under time charter arising from the Group's owned vessels. Hire income under time charter is accounted for as operating lease and is recognised on a straight-line basis over the period of each time charter contract.

#### (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.

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
The PRC	68,392	76,488

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. Other gains

	Six months ended 30 September	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Gain on modification of convertible bonds ( <i>Note 20</i> )	2,588	—

### 7. Other income

	Six months ended 30 September	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Sundry income	91	14

### 8. Expenses by nature

Profit before income tax is stated after charging the following:

	Six months ended 30 September	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Depreciation of property, plant and equipment ( <i>Note 13</i> )	3,360	1,887
Crew expenses (included in cost of service)	2,325	1,552
Short-term operating lease payments for land and buildings	114	123
Employee benefit expenses (including directors' emoluments)		
Fee, salaries and other benefit costs	631	621
Post employment benefit — defined contribution plans	13	11

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. Finance costs — net

	Six months ended 30 September	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Finance income		
Interest income	5	—
Finance costs		
Arrangement fee on borrowings and loans	—	25
Interest expense on borrowings and loans	562	699
Interest expense on convertible bonds — non-cash	1,159	846
Write-off of unamortised loan originating fee	—	207
	1,721	1,777
Finance costs — net	1,716	1,777

### 10. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2021: same) on the estimated assessable profit for the six months ended 30 September 2022. The subsidiary established in the PRC is subject to corporate income tax rate of 25% (six months ended 30 September 2021: same). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Six months ended 30 September	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Current income tax		
Hong Kong profits tax	4	4
Deferred income tax	—	—
Income tax expense	4	4

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. Earnings per share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the follow data:

	Six months ended 30 September	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited and restated)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	1,455	14,623
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	1,159	846
Gain on modification of convertible bonds	(2,588)	—
Earnings for the purpose of diluted earnings per share	26	15,469

	Six months ended 30 September	
	2022 '000 (Unaudited)	2021 '000 (Unaudited and restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	952,614	952,614
Effect of dilutive potential ordinary shares:		
Convertible bonds	381,843	381,843
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,334,457	1,334,457

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. Earnings per share (Continued)

Diluted 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 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 six months ended 30 September 2022 and 30 September 2021.

The diluted earnings per share for the six months ended 30 September 2021 was restated for the incorporation of dilutive effect on convertible bonds.

### 12. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: same).

### 13. Property, plant and equipment

	2022 US\$'000	2021 US\$'000
<b>Six months ended 30 September</b>		
Opening net book value amount at 1 April (audited)	68,515	52,126
Addition	1,648	—
Depreciation	(3,360)	(1,887)
(Impairment losses)/reversal of impairment losses	(670)	12,490
Exchange difference	(1)	2
Closing net book value amount at 30 September (unaudited)	66,132	62,731

Depreciation expenses of approximately US\$3,359,000 (six months ended 30 September 2021: US\$1,878,000) has been charged in 'cost of services' and US\$1,000 (six months ended 30 September 2021: US\$9,000) in 'general and administrative expenses'.

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. Property, plant and equipment (Continued)

Based on management's review, impairment indicator exists for dry bulk vessels of the Group in the light of the fact that the shipping industry shifted from rapid expansion to increase fluctuation in first half of 2022 and impairment assessment for these vessels has been performed as at 30 September 2022.

In assessing impairment loss, internal and external sources of information are considered in assessing the fair market value and value-in-use. These include market valuations from a leading, independent and internationally recognised shipbroking company. 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 based on the industry sector risk premium relevant to the CGUs and the applicable gearing ratio of the CGUs. The fair value of the vessels were primarily determined based on the direct comparison method by making reference to the recent sale transactions of similar vessels with similar age and condition (Level 2 hierarchy).

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

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

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

As at 30 September 2022, the aggregate recoverable amounts of vessels amounting to US\$67,718,000, which represents the higher of its fair value less costs of disposal and its value in use. As a result of the analysis, impairment losses of US\$670,000 were recognised in the condensed consolidated statement of comprehensive income during the six months ended 30 September 2022.

### 14. Investment properties

	2022 US\$'000	2021 US\$'000
<b>Six months ended 30 September</b>		
At fair value		
At 1 April (audited)	76,482	73,806
Additions	—	81
Exchange difference	(8,096)	977
Closing net book value amount at 30 September (unaudited)	68,386	74,864

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. Investment properties (Continued)

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

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

The fair value measurement is categorised in Level 3 fair value hierarchy.

There were no transfers into or out of Level 3 during the both periods.

#### Valuation processes of the Group

The Group's investment properties were valued at each reporting period ended 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 30 September 2022, the fair values of the properties have been determined by Vincorn Consulting & Appraisal Limited (31 March 2022: same).

#### Valuation techniques

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. Investment properties (Continued)

#### Valuation techniques (Continued)

<b>Unobservable inputs</b>	<b>Range of unobservable input</b>	<b>Relationship of unobservable inputs to fair value</b>
Time adjustment	2.3% to 10% (31 March 2022: 1.2% to 12.9%)	The upward market trend will have positive impact on adjustment and thus increase in fair value.
Location adjustment	-28% to -10% (31 March 2022: -30% to -10%)	The better location will have positive impact on adjustment, thus increase in fair value.
Land use right adjustment	-10% (31 March 2022: -10% to 0%)	The better designated use of the property will have positive impact on adjustment, thus increase in fair value.
Size adjustment	-7.8% to -1.2% (31 March 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 period.

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. Trade receivables, deposits, prepayments and other receivables

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
Trade receivables	3,054	2,527
Less: Provision for impairment of trade receivables	—	(31)
Trade receivables, net	3,054	2,496
Prepayments	113	857
Deposits	525	688
Other receivables	546	607
Other receivables due from related companies ( <i>Note 25</i> )	8	8
	4,246	4,656
Less: current pledged deposit ( <i>Note</i> )	(500)	(500)
	3,746	4,156

*Note:* The pledged deposit secured loan from a financial institution bears interest at 1.5% (31 March 2022: same) per annum.

As at 30 September 2022 and 31 March 2022, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
0–30 days	2,830	1,370
31–60 days	64	1,060
61–90 days	—	—
91–365 days	157	66
Over 365 days	3	31
	3,054	2,527

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. Trade receivables, deposits, prepayments and other receivables (Continued)

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

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

### 16. Share capital

	30 September 2022		31 March 2022	
	Number of shares (thousands) (Unaudited)	Amount HK\$'000 (Unaudited)	Number of shares (thousands) (Audited)	Amount HK\$'000 (Audited)
Authorised: Ordinary shares of HK\$0.01 each	4,000,000	40,000	4,000,000	40,000

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital US\$'000
At 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	952,614	1,221

### 17. 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. Borrowings and loans

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
Non-current		
— Bank borrowings ( <i>Note i</i> )	568	619
— Loan from the ultimate holding company ( <i>Note iii</i> )	8,076	8,873
	<b>8,644</b>	9,492
Current		
— Bank borrowings ( <i>Note i</i> )	11,595	12,267
— Loan from a financial institution ( <i>Note ii</i> )	1,024	1,522
Total	<b>12,619</b>	13,789

*Notes:*

- (i) The Group's bank borrowings comprise of a bank borrowing of US\$11,494,000 (31 March 2022: US\$12,175,000) and another bank borrowing obtained under the SME Financing Guarantee Scheme launched by the Government of HKSAR of US\$669,000 (31 March 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 30 September 2022 and 31 March 2022, the current bank borrowings included an amount of US\$10,129,000 and US\$10,811,000, with original contractual repayment dates after one year from 30 September 2022 and 31 March 2022, respectively, which has been reclassified as current liabilities at the end of the reporting period as a result of cross-default described in Note 2.1. Details of the pledged assets are set out in Note 26 to the condensed consolidated financial statements.
- (ii) The loan from a financial institution bears interest at LIBOR and repayable on 10 October 2022. The carrying amount of the Group's loan from a financial institution is denominated in US\$. The fair value of the loan from a financial institution approximates its carrying amount. Details of the pledged assets are set out in Note 26 to the condensed consolidated financial statements. Subsequent to the end of the reporting period, the loan has been fully repaid on due date.
- (iii) The loan from the ultimate holding company is unsecured, bears interest at 4% per annum and repayable on 30 March 2024. The carrying amount of the Group's loan from the ultimate holding company is denominated in US\$. The fair value of the loan from the ultimate holding company approximates its carrying amount.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. Borrowings and loans (Continued)

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

	<b>30 September 2022 (Unaudited)</b>	31 March 2022 (Audited)
Effective interest rate:		
Fixed-rate borrowings	<b>4%</b>	4%
Variable-rate borrowings	<b>2.75% to 6.65%</b>	2.75% to 6.34%

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

	Bank borrowings		Loan from a financial institution		Loan from the ultimate holding company	
	<b>30 September 2022 US\$'000 (Unaudited)</b>	31 March 2022 US\$'000 (Audited)	<b>30 September 2022 US\$'000 (Unaudited)</b>	31 March 2022 US\$'000 (Audited)	<b>30 September 2022 US\$'000 (Unaudited)</b>	31 March 2022 US\$'000 (Audited)
Within 1 year	<b>1,466</b>	1,456	<b>1,024</b>	1,522	—	—
Between 1 and 2 years	<b>1,468</b>	1,466	—	—	<b>8,076</b>	8,873
Between 2 and 5 years	<b>9,229</b>	9,964	—	—	—	—
	<b>12,163</b>	12,886	<b>1,024</b>	1,522	<b>8,076</b>	8,873

*Note:*

As detailed in Note 2.1, the event of default of convertible bonds resulted in cross default of a bank borrowing with an amount of US\$10,129,000 with original contractual repayment dates after one year from 30 September 2022 which has been reclassified as current liabilities as at 30 September 2022 for financial reporting purpose. The amounts shown in the table above represent amounts repayable in accordance with the original dates set out in the loan agreements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19. Deferred income tax liabilities

The movement in deferred income tax liabilities arising from the revaluation of investment properties during the period is as follows:

	2022 US\$'000	2021 US\$'000
<b>Six months ended 30 September</b>		
Opening balance at 1 April (audited)	18,241	17,621
Exchange difference	(1,932)	234
Closing net book value amount at 30 September (unaudited)	16,309	17,855

### 20. Convertible bonds

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
<b>Top Build Convertible Bonds</b>		
— Current	2,000	51,230
— Non-current	46,801	—
	48,801	51,230

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. Convertible bonds (Continued)

On 29 June 2022, the Company, Mr. Yan, Ms. Lam, Ablaze Rich (as the Guarantors) and the bondholder entered into a supplemental 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) USD5,000,000 in cash in 10 quarterly instalments of USD500,000 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 USD46,230,000 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.

Upon the signing of supplementary settlement agreement, a gain on modification of convertible bonds of US\$2,588,000 were recognised during the six months ended 30 September 2022.

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.

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

	<b>Liability component</b> US\$'000
As at 1 April 2022 (audited)	<b>51,230</b>
Interest expense ( <i>Note 9</i> )	<b>1,159</b>
Modification	<b>(2,588)</b>
Redemption	<b>(1,000)</b>
<b>At 30 September 2022 (unaudited)</b>	<b>48,801</b>
As at 1 April 2021 (audited)	53,154
Interest expense ( <i>Note 9</i> )	846
Redemption	(2,000)
<b>At 30 September 2021 (unaudited)</b>	<b>52,000</b>

Details of the pledged assets are set out in Note 26 to the condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 21. Other payables and accruals

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
Other payables and accruals	1,829	1,684
Other payables due to related companies ( <i>Note 25(b)</i> )	6,811	7,558
	<b>8,640</b>	9,242

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

### 22. 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 condensed consolidated statement of cash flows as cash flows from financing activities.

	1 April 2022 US\$'000 (Audited)	Financing cash flows US\$'000	Non-cash changes		30 September 2022 US\$'000 (Unaudited)
			Finance cost incurred US\$'000	Modification of convertible bonds US\$'000	
Bank borrowings ( <i>Note 18</i> )	12,886	(1,096)	373	—	12,163
Loan from a financial institution ( <i>Note 18</i> )	1,522	(534)	36	—	1,024
Loan from the ultimate holding company ( <i>Note 18</i> )	8,873	(950)	153	—	8,076
Convertible bonds ( <i>Note 20</i> )	51,230	(1,000)	1,159	(2,588)	48,801
	<b>74,511</b>	<b>(3,580)</b>	<b>1,721</b>	<b>(2,588)</b>	<b>70,064</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 22. Reconciliation of liabilities arising from financing activities (Continued)

	1 April 2021 US\$'000 (Audited)	Financing cash flows US\$'000	Non-cash changes		30 September 2021 US\$'000 (Unaudited)
			Finance cost incurred US\$'000	Transfer of loans (Note) US\$'000	
Bank borrowings (Note 18)	10,526	(10,635)	145	14,191	14,227
Loan from a financial institution (Note 18)	2,512	13,172	525	(14,191)	2,018
Loan from the ultimate holding company (Note 18)	14,429	(3,828)	261	—	10,862
Convertible bonds (Note 20)	53,154	(2,000)	846	—	52,000
	80,621	(3,291)	1,777	—	79,107

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 condensed consolidated statement of comprehensive income for the six months ended 30 September 2021 (Note 9). A new bank borrowing of US\$14,191,000 was recognised on 29 July 2021.

### 23. Contingent liabilities

Save as disclosed elsewhere in the condensed consolidated financial statements, there were no other significant contingent liabilities of the Group as at 30 September 2022 (30 September 2021: same).

### 24. Commitments

#### (a) Capital commitments

At 30 September 2022, capital expenditure contracted for but not yet incurred is as follows:

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
Investment properties	313	350

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 24. Commitments (Continued)

#### (b) Operating lease arrangements — as lessor

At 30 September 2022, the Group has the following future aggregate minimum lease receivables under non-cancellable operating leases in relation to chartering of vessels. These vessels chartering agreements have varying terms ranging from 3 to 6 months:

	<b>30 September 2022 US\$'000 (Unaudited)</b>	31 March 2022 US\$'000 (Audited)
Not later than one year	<b>2,444</b>	6,006

### 25. Related party transactions

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

#### (a) Significant transactions with related parties

The Group had the following significant transactions with its related companies for the six months ended 30 September 2022 and 2021.

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

	<b>Six months ended 30 September</b>	
	<b>2022 US\$'000 (Unaudited)</b>	2021 US\$'000 (Unaudited)
Interest on loan from the ultimate holding company	<b>153</b>	261
Rental expenses paid to Toprich (Asia) Limited ( <i>Note (i)</i> )	<b>88</b>	106

*Note:*

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 25. Related party transactions (Continued)

#### (b) Balances with related parties

As at 30 September 2022 and 31 March 2022, the Group had the following significant balances with its related companies:

	30 September 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Audited)
Other receivables due from related companies controlled by the ultimate controlling parties ( <i>Note 15</i> )	8	8
Loan from the ultimate holding company ( <i>Note 18</i> )	(8,076)	(8,873)
Other payables due to related companies which are ultimately controlled by Mr. Yin Hai ( <i>Note (i)</i> ) ( <i>Note 21</i> )	(3,298)	(3,688)
Others payables due to a related company controlled by the ultimate controlling parties ( <i>Note 21</i> )	(3,513)	(3,870)

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

Other payables due to related companies were unsecured, non-interest bearing, 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:

	Six months ended 30 September	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Fees and salaries	387	385
Pension costs — defined contribution plans	6	6
	393	391

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 26. Pledged of assets

As at 30 September 2022, the Group's vessels of US\$53,019,000 (31 March 2022: US\$54,356,000) were pledged as security for bank borrowings and loan from a financial institution).

As at 30 September 2022, a cash deposit of US\$500,000 (31 March 2022: US\$500,000) was pledged as security for loan from a financial institution of US\$1,024,000 (31 March 2022: US\$1,522,000) (Note 15).

As at 30 September 2022, the Group's bank deposits of US\$1,653,000 (31 March 2022: US\$1,390,000) were pledged as security for a bank borrowing and loan from a financial institution. Among the pledged bank deposits, US\$1,148,000 (31 March 2022: US\$889,000) are of restricted use for daily operation subject to the approval from a bank and a financial institution. In case of default under the loan agreements, the bank and the financial institution have the right to seize the pledged bank deposits.

As at 30 September 2022, the bank borrowing obtained under the SME Financing Guarantee Scheme is secured fully by personal guarantees executed by Mr. Yan, Ms. Lam and the Government of HKSAR (31 March 2022: same).

As at 30 September 2022, the convertible bonds were secured by the following:

- (i) the mortgage over a vessel of the Group amounting to US\$13,108,000 (Note 13);
- (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 Hainan Huachu Industrial Co., Ltd.\* (海南華儲實業有限公司) (Note 14);
- (iii) the pledge over the equity interest in Hainan Huachu Industrial Co., Ltd.\* (海南華儲實業有限公司) held by a wholly owned subsidiary of the Company in Hong Kong (the "Hong Kong Subsidiary"); and
- (iv) the corporate guarantees from Hainan Huachu Industrial Co., Ltd.\* 海南華儲實業有限公司 and the Hong Kong Subsidiary.

\* For identification purposes only