The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers]
[Draft]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SEACON SHIPPING GROUP HOLDINGS LIMITED AND ZHONGTAI INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Seacon Shipping Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[89], which comprises the consolidated balance sheets as at 31 December 2019, 2020, 2021 and 31 May 2022, the company balance sheets as at 31 December 2021 and 31 May 2022, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-[89] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "Document") in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2021 and 31 May 2022 and the consolidated financial position of the Group as at 31 December 2019, 2020, 2021 and 31 May 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2021 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our 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 HKICPA. A review 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial

Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note [26] to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in United States dollar ("US$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

Consolidated Statements of Comprehensive Income

		Year ended 31 December			Five months ended 31 May	
		2019	**2020**	**2021**	**2021**	**2022**
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Revenue	5	135,607	178,929	372,738	125,767	178,952
Cost of sales	7	(119,553)	(166,202)	(315,088)	(111,207)	(147,037)
Gross profit		16,054	12,727	57,650	14,560	31,915
Selling, general and administrative expenses	7	(4,484)	(5,708)	(17,215)	(2,738)	(4,958)
Net impairment reversal/ (losses) on financial assets		106	(120)	205	(55)	(91)
Other income		47	161	51	19	15
Other (losses)/gains, net	6	(278)	(1,514)	(369)	(339)	5,088
Operating profit		11,445	5,546	40,322	11,447	31,969
Finance income	9	2	3	1	—*	—*
Finance costs	9	(2,777)	(3,913)	(3,451)	(1,277)	(2,389)
Finance costs, net	9	(2,775)	(3,910)	(3,450)	(1,277)	(2,389)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	14	253	(242)	4,314	572	4,566
Profit before income tax		8,923	1,394	41,186	10,742	34,146
Income tax expenses	10	(489)	(670)	(1,181)	(297)	(1,256)
Profit for the year/period		8,434	724	40,005	10,445	32,890
Profit attributable to:						
— Shareholders of the Company		7,747	451	33,617	7,726	31,840
— Non-controlling interests		687	273	6,388	2,719	1,050
		8,434	724	40,005	10,445	32,890

—* The amount which is less than US$1,000 is presented as "—*" for the whole report.

Consolidated Statements of Comprehensive Income (Continued)

		Year ended 31 December			Five months ended 31 May	
		2019	2020	2021	2021	2022
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					unaudited	
Other comprehensive income:						
Items that may be reclassified to profit or loss						
— Exchange differences on translation of foreign operations		4	14	5	5	(43)
Other comprehensive income for the year/period, net of tax		4	14	5	5	(43)
Total comprehensive income for the year/period		8,438	738	40,010	10,450	32,847
Total comprehensive income attributable to:						
— Shareholders of the Company		7,751	465	33,622	7,731	31,797
— Non-controlling interests		687	273	6,388	2,719	1,050
		8,438	738	40,010	10,450	32,847
Earnings per share attributable to shareholders of the Company for the year/period						
Basic earnings per share	11	0.77	0.05	3.36	0.77	3.18
Diluted earnings per share	11	0.77	0.05	3.36	0.77	3.18

Consolidated Balance Sheets

		As at 31 December			As at 31 May
		2019	2020	2021	2022
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Assets					
Non-current assets					
Property, plant and equipment	12	57,405	47,708	54,848	91,837
Right-of-use assets	13	47,464	33,383	91,932	106,186
Intangible assets		16	60	114	102
Interests in associates and joint ventures	14	346	104	5,233	9,799
Deferred tax assets		51	24	71	67
Financial assets at fair value through profit or loss	15	1,997	2,365	—	—
Other non-current assets	16	20,067	17,466	13,575	22,493
		127,346	101,110	165,773	230,484
Current assets					
Financial assets at fair value through profit or loss	15	—	—	3,285	1,662
Inventories	17	4,895	5,702	4,651	13,049
Prepayment and other current assets	18	694	2,952	6,134	4,956
Trade and other receivables	19	18,145	26,963	25,542	36,402
Current portion of other non-current assets	16	3,258	3,903	—	—
Restricted bank deposits	20	—	72	31	64
Cash and cash equivalents	20	1,943	4,420	25,030	19,680
Assets classified as held for sale	21	—	7,318	—	—
		28,935	51,330	64,673	75,813
Total assets		156,281	152,440	230,446	306,297

Consolidated Balance Sheets (Continued)

		As at 31 December			As at 31 May
		2019	**2020**	**2021**	**2022**
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Equity					
Share capital	1.2(i)	—	—	—	—*
Treasury stock	1.2(i)	—	—	—	—*
Combined capital		785	785	785	—
Reserves	22	(1,163)	(500)	8,839	9,667
Retained earnings		3,645	4,096	37,696	69,536
Equity attributable to shareholders of the Company		3,267	4,381	47,320	79,203
Non-controlling interests		492	911	4,087	5,137
Total equity		3,759	5,292	51,407	84,340
Liabilities					
Non-current liabilities					
Borrowings	23	47,932	37,719	27,476	66,376
Lease liabilities	13	32,490	23,121	65,586	76,187
		80,422	60,840	93,062	142,563
Current liabilities					
Advances and contract liabilities	24	1,616	4,551	4,448	5,217
Trade and other payables	25	49,680	59,346	53,247	38,520
Current tax liabilities		94	737	1,840	1,763
Borrowings	23	10,830	12,289	5,369	9,841
Lease liabilities	13	9,880	9,385	21,073	24,053
		72,100	86,308	85,977	79,394
Total liabilities		152,522	147,148	179,039	221,957
Total equity and liabilities		156,281	152,440	230,446	306,297

Balance Sheet of the Company

	Note	As at 31 December 2021 US$'000	As at 31 May 2022 US$'000
Assets			
Non-current assets			
Interests in subsidiaries	22	—	65,144
Current assets			
Cash and cash equivalents		—	48
Prepayment		385	610
Other receivables		—*	138
		385	796
Total assets		385	65,940
Equity			
Share capital	1.2(i)	—*	—*
Treasury stock	1.2(i)	—	—*
Reserves	22	5,635	70,779
Accumulated losses		(7,015)	(7,884)
Total equity		(1,380)	62,895
Liabilities			
Current liabilities			
Other payables		1,765	3,045
Total equity and liabilities		385	65,940

Consolidated Statements of Changes in Equity

		Attributable to shareholders of the Company					
	Note	Combined capital US$'000	Reserves US$'000	(Accumulated deficits)/ retained earnings US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2019		785	(1,167)	(4,102)	(4,484)	(155)	(4,639)
Comprehensive income							
Profit for the year		—	—	7,747	7,747	687	8,434
Other comprehensive income	22	—	4	—	4	—	4
Total comprehensive income		—	4	7,747	7,751	687	8,438
Transactions with shareholders in their capacity as shareholders							
Dividends declared to non-controlling interests in subsidiaries	26	—	—	—	—	(40)	(40)
		—	—	—	—	(40)	(40)
Balance at 31 December 2019		785	(1,163)	3,645	3,267	492	3,759
Balance at 1 January 2020		785	(1,163)	3,645	3,267	492	3,759
Comprehensive income							
Profit for the year		—	—	451	451	273	724
Other comprehensive income	22	—	14	—	14	—	14
Total comprehensive income		—	14	451	465	273	738
Transactions with shareholders in their capacity as shareholders							
Dividends declared to non-controlling interests in subsidiaries	26	—	—	—	—	(120)	(120)
Deemed contribution	22	—	915	—	915	—	915
Transaction with non-controlling interests	22	—	(266)	—	(266)	266	—
		—	649	—	649	146	795
Balance at 31 December 2020		785	(500)	4,096	4,381	911	5,292

		Attributable to shareholders of the Company					
		Combined capital	**Reserves**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2021		785	(500)	4,096	4,381	911	5,292
Comprehensive income							
Profit for the year		—	—	33,617	33,617	6,388	40,005
Other comprehensive income	22	—	5	—	5	—	5
Total comprehensive income		—	5	33,617	33,622	6,388	40,010
Transactions with shareholders in their capacity as shareholders							
Profit appropriation to statutory reserves	22	—	17	(17)	—	—	—
Dividends declared to non-controlling interests in subsidiaries	26	—	—	—	—	(3,200)	(3,200)
Deemed contribution	22	—	3,670	—	3,670	—	3,670
Transaction with non-controlling interests	22	—	12	—	12	(12)	—
Employee share schemes — value of employee services	22	—	5,635	—	5,635	—	5,635
		—	9,334	(17)	9,317	(3,212)	6,105
Balance at 31 December 2021		785	8,839	37,696	47,320	4,087	51,407
(Unaudited)							
Balance at 1 January 2021		785	(500)	4,096	4,381	911	5,292
Comprehensive income							
Profit for the period		—	—	7,726	7,726	2,719	10,445
Other comprehensive income	22	—	5	—	5	—	5
Total comprehensive income		—	5	7,726	7,731	2,719	10,450
Balance at 31 May 2021		785	(495)	11,822	12,112	3,630	15,742

			Attributable to shareholders of the Company					
	Note	Share capital	Combined capital	Reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2022		—	785	8,839	37,696	47,320	4,087	51,407
Comprehensive income								
Profit for the period		—	—	—	31,840	31,840	1,050	32,890
Other comprehensive income	22	—	—	(43)	—	(43)	—	(43)
Total comprehensive income		—	—	(43)	31,840	31,797	1,050	32,847
Transactions with shareholders in their capacity as shareholders								
Merger reserves arising from the re-organisation		—*	(785)	(53)	—	(838)	—	(838)
Capital injection		—	—	10	—	10	—	10
Debt waive from shareholders of the Company	22	—	—	914	—	914	—	914
		—*	(785)	871	—	86	—	86
Balance at 31 May 2022		—*	—	9,667	69,536	79,203	5,137	84,340

Consolidated Statements of Cash Flows

		Year ended 31 December			Five months ended 31 May	
		2019	2020	2021	2021	2022
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					unaudited	
Cash flows from operating activities						
Cash generated from operations	27(a)	9,557	24,470	88,271	17,718	28,255
Interest received		2	3	1	—*	—*
Income tax paid		—	—	(125)	(19)	(1,329)
Net cash from operating activities		9,559	24,473	88,147	17,699	26,926
Cash flows from investing activities						
Repayments from third parties		5,836	1,083	5,061	1,349	—
Repayments from related parties		18,295	20,295	4,560	1,054	5,712
Proceeds from disposal of property, plant and equipment	27(b)	5,854	—	7,346	7,318	15,980
Dividends from joint ventures and associates		—	—	1,485	—	—
Proceeds from disposal of financial assets at fair value through profit or loss		—	—	180	—	—
Payments for property, plant and equipment and other non-current assets		(16,042)	(3,525)	(19,672)	(13,071)	(17,437)
Cash paid for financial assets at fair value through profit or loss		(2,000)	—	(176)	(176)	—
Advances to third parties		(1,800)	—	—	—	—
Advances to related parties		(9,643)	(15,826)	(4,788)	(1,682)	(6,729)
Net cash from/(used for) investing activities		500	2,027	(6,004)	(5,208)	(2,474)

Consolidated Statements of Cash Flows (Continued)

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				unaudited	
Cash flows from financing activities					
Capital injection received	—	—	—	—	10
Proceeds from borrowings	12,557	2,701	16,476	9,514	6,992
Deemed contribution/distribution	—	915	(1,237)	—	(837)
Advances from third parties	—	956	867	754	—
Advances from related parties	23,365	12,669	3,755	3,608	8,705
Repayments to third parties	—	(441)	(154)	(869)	—
Repayments to related parties	(18,696)	(17,659)	(31,242)	(9,747)	(26,269)
Repayments of borrowings	(12,045)	(9,205)	(20,420)	(6,134)	(5,486)
Dividends paid to non-controlling interests in subsidiaries	(40)	(120)	(3,200)	—	—
Repayments of principal and interest of lease liabilities	(13,340)	(11,582)	(22,459)	(6,229)	(10,483)
Payments of deposits for right-of-use assets	—	—	(1,140)	—	—
Interests paid of borrowings	(1,650)	(2,249)	(1,934)	(696)	(938)
Payments for [REDACTED] fees	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash used for financing activities	(9,849)	(24,015)	(61,515)	(9,799)	(29,764)
Net increase/(decrease) in cash and cash equivalents	210	2,485	20,628	2,692	(5,312)
Cash and cash equivalents at the beginning of year/period	1,741	1,943	4,420	4,420	25,030
Effects of exchange rate changes on cash and cash equivalents	(8)	(8)	(18)	(23)	(38)
Cash and cash equivalents at end of the year/period	1,943	4,420	25,030	7,089	19,680

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Seacon Shipping Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 22 October 2021 as an exempted company with limited liability under the Companies Act (Cap.22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the provision of (i) shipping business which provides foreign trade shipping services through dry bulk carrier, oil tanker and chemical tanker with flag of convenience, and (ii) ship management business which provides ship management services (the "[REDACTED] Businesses"). The ultimate owner of the Group is Mr. Guo Jinkui ("Mr. Guo").

1.2 Reorganisation

Prior to the incorporation of the Company and a reorganisation (the "Reorganisation") in preparation for the [REDACTED] of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited as described below, the [REDACTED] Businesses were operated by a series of companies incorporated in Singapore, Hong Kong, Republic of the Marshall Islands, Liberia and the People's Republic of China (the "PRC") etc., which were all ultimately owned by Mr. Guo.

Prior to the Reorganisation, there were also certain subsidiaries engaged in other businesses not relating to the [REDACTED] Businesses (the "Non-[REDACTED] Businesses"), including crew manning services, supply services, agent services, as well as shipping services for both of domestic and foreign trade by the five-star flag vessels. The [REDACTED] Businesses and the Non-[REDACTED] Businesses are operated autonomously and managed by different management teams. The Reorganisation mainly involved the followings:

(i) Incorporation of the Company

On 22 October 2021, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised capital of Hong Kong Dollar ("HK$") 380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. After initial and subsequent allotment and issuance, Mr. Guo owned 8,000 shares through Jin Chun Holding Ltd. ("Jin Chun Holding", wholly owned by Mr. Guo), and Mr. Chen Zekai ("Mr. Chen") owned 2,000 shares through CZK Holding Ltd. ("CZK Holding", wholly owned by Mr. Chen), representing 80% and 20% of the issued share capital of the Company, respectively. Jin Chun Holding and CZK Holding were incorporated in British Virgin Islands ("BVI") on 19 October 2021. As at 31 May 2022, the paid-up share capital of the Company is HK$100, which is equivalent to US$13.

Jin Chun Holding then transferred 66% of shareholding interests in the Company to Jin Qiu Holding Ltd. ("Jin Qiu Holding") which is ultimately controlled by Mr. Guo; 2% of shareholding interests to Ruigao Holding Ltd. ("Ruigao Holding") held by Mr. Zhao Yong ("Mr. Zhao"), the General Manager of shipping management business, and 1% to Passion Wealth Ltd. ("Passion Wealth") held by Mr. He Gang ("Mr. He"), the Chief Financial Officer. All above transactions were without any consideration and any service restriction and were completed in 2021. CZK Holding then transferred 19% of shareholding interests in the Company to Kaimei Holding Ltd. ("Kaimei Holding") which is ultimately controlled by Mr. Chen in 2021.

After above shares issuance and transfer and at 31 December 2021, Jin Chun Holding (owned by Mr. Guo), Jin Qiu Holding (owned by Mr. Guo), CZK Holding (owned by Mr. Chen), Kaimei Holding (owned by Mr. Chen), Ruigao Holding (owned by Mr. Zhao) and Passion Wealth (owned by Mr. He) held 11%, 66%, 1%, 19%, 2% and 1% of shareholding interests in the Company respectively.

On 22 February 2022, the Company, as the settlor, established the Share Award Trust (being a discretionary trust) with Tricor Trust (Hong Kong) Limited, acting as the trustee, for incentivizing and rewarding selected grantees under the Share Award Plan. The beneficiaries of the Share Award Trust are selected grantees under the Share Award Plan.

Subsequently, Jin Chun Holding transferred 8% of shareholding interests of the Company to Jovial Alliance Limited ("Jovial Alliance") with Tricor Trust (Hong Kong) Limited as trustee for future post-[REDACTED] ("post-[REDACTED]") employee share scheme purpose on 22 February 2022, which was accounted for as treasury stock (amounted to US$1). After above shares issuance and transfer and at 31 May 2022, Jin Chun Holding (owned by Mr. Guo), Jin Qiu Holding (owned by Mr. Guo), CZK Holding (owned by Mr. Chen), Kaimei Holding (owned by Mr. Chen), Ruigao Holding (owned by Mr. Zhao), Passion Wealth (owned by Mr. He) and Jovial Alliance held 3%, 66%, 1%, 19%, 2%, 1% and 8% of shareholding interests in the Company respectively.

(ii) Incorporation of Seacon Ships Management Group (BVI) Ltd., ("Seacon Ships Group (BVI)") and Seacon Marine Ltd., ("Seacon Marine (BVI)")

On 27 October 2021, Seacon Ships Group (BVI) and Seacon Marine (BVI) were incorporated in the BVI, which were authorised to issue up to a maximum of 50,000 shares of a single class with a par value of US$1.00 each. On the date of incorporation, Seacon Ships Group (BVI) and Seacon Marine (BVI) allotted and issued one ordinary share respectively, credited as fully paid at par, to the Company, representing the only issued share of Seacon Ships Group (BVI) and Seacon Marine (BVI). As a result, Seacon Ships Group (BVI) and Seacon Marine (BVI) have become directly wholly-owned subsidiaries of the Company.

(iii) Incorporation of Seacon Ships Management Group (HK) Limited ("Seacon Ships Group (HK)")

On 8 November 2021, Seacon Ships Group (HK) was incorporated in Hong Kong as a limited liability company. On the date of incorporation, Seacon Ships Group (HK) allotted and issued 10,000 shares to Seacon Ships Group (BVI), representing the entire issued share capital of Seacon Ships Group (HK). As a result, Seacon Ships Group (HK) has become a directly wholly-owned subsidiary of Seacon Ships Group (BVI) and an indirectly wholly-owned subsidiary of the Company.

(iv) Establishment of Seacon Ships Technology Co., Limited (Shanghai) ("Seacon Ships Shanghai", WFOE)

On 21 December 2021, Seacon Ships Shanghai was established as a wholly foreign-owned enterprise in the PRC with an initial registered capital of US$2,000,000. Seacon Ships Shanghai is a directly wholly-owned subsidiary of Seacon Ships Management Pte. Ltd. ("Seacon Ships Management (SG)", which is a wholly-owned subsidiary of Seacon Ships Group (HK)) engaged in ship management business and incorporated on 14 May 2019 in Singapore. Consequently, Seacon Ships Shanghai is an indirectly wholly-owned subsidiary of the Company.

(v) The transfer of [REDACTED] Businesses

The transfer of [REDACTED] Businesses outside of the PRC:

In November and December 2021, the shareholding interests in certain subsidiaries and a joint venture that engage in the ship management business outside of the PRC were transferred to Seacon Ships Group (HK); the shareholding interests in certain subsidiaries and associates that engage in the shipping business outside of the PRC were transferred to Seacon Marine (BVI).

The transfer of [REDACTED] Businesses in the PRC:

Seacon Ships Management Co., Limited (Qingdao) ("Seacon Ships Qingdao") and its subsidiaries were engaged in the ship management business in the PRC. Seacon Ships Qingdao was previously owned by Mr. Guo and Mr. Chen with the shareholding interests of 80% and 20%, respectively. Pursuant to the investment agreement dated 6 October 2021 entered into between Mr. Shi Yi ("Mr. Shi") and Mr. Chen, Mr. Shi acquired 3% of shareholding interests in Seacon Ships Qingdao from Mr. Chen with a cash consideration of RMB108,000 which was fully paid off on 6 December 2021. It was treated as a transaction with non-controlling interests.

In February 2022, 97% of shareholding interests in Seacon Ships Qingdao were transferred to Seacon Ships Shanghai.

All the Non-[REDACTED] Businesses were retained and collectively called the "Seacon Group".

Pursuant to the Reorganisation, the shareholding interests in Seacon Shipping Group Limited ("Seacon Shipping Group") was not transferred to the Group, but retained in Seacon Group as it will not be engaged in the [REDACTED] Businesses in the future. However, as Seacon Shipping Group was engaged in the [REDACTED] Businesses in the years ended 31 December 2019, 2020 and 2021, thus the Historical Financial Information should include the assets, liabilities and results of Seacon Shipping Group up to 31 December 2021. Therefore, the net liabilities of Seacon Shipping Group was treated as deemed contribution of the shareholders on 31 December 2021. The assets and liabilities are listed as below:

	As at 31 December 2021
	US$'000
Trade and other receivables	27,215
— the Group and other related parties	26,485
— third parties	730
Prepayment and other current assets	14
Cash and cash equivalents	1,237
Trade and other payables	(29,836)
— the Group and other related parties	(26,545)
— third parties	(3,291)
	(1,370)

Upon the completion of the Reorganisation on 28 February 2022, the Company became the holding company of subsidiaries now comprising the Group.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Company name	Place and date of incorporation/establishment and operations*	Principal activities	Registered/Issued and paid-up capital	Effective interest held					Note
				31 December			31 May	As at the date of this report	
				2019	2020	2021	2022		
Directly Held									
Seacon Ships Group (BVI)	BVI, 27 October 2021	Investment holding	US$50,000/-	N/A	N/A	100%	100%	100%	
Seacon Marine (BVI)	BVI, 27 October 2021	Investment holding	US$50,000/-	N/A	N/A	100%	100%	100%	
Indirectly Held									
Seacon Ships Group (HK)	Hong Kong, 8 November 2021	Investment holding	HK$10,000/-	N/A	N/A	100%	100%	100%	
Seacon Ships Management (SG)	Singapore, 14 May 2019	Ship management	SG$50,000/SG$2	100%	100%	100%	100%	100%	(b)
Seacon Ships Management Co., Limited ("Seacon Ships Management (HK)")	Hong Kong, 14 December 2012	Ship management	HK$10,000/ HK$10,000	100%	100%	100%	100%	100%	(b)
Seacon Marine Technical Pte. Ltd. ("Seacon Marine Technical")	Singapore, 20 June 2020	Shipbuilding consultation	SG$100,000/SG$2	N/A	100%	100%	100%	100%	(b)
Seacon Tankers Shipmanage Pte. Ltd. ("Seacon Tankers")	Singapore, 17 July 2019	Ship management	US$10,000/ US$10,000	N/A	100%	100%	100%	100%	(c)
Seacon Ships Management (Ningbo) Ltd. ("Seacon Ships Management (Ningbo)")	Republic of the Marshall Islands, 12 May 2021	Ship management	US$50,000/-	N/A	N/A	100%	100%	100%	
Ocean Fleet Shipmanage Limited ("Ocean Fleet Shipmanage")	Hong Kong, 1 November 2021	Ship management	HK$10,000/-	N/A	N/A	100%	100%	100%	
Seacon Ships Shanghai	PRC, 21 December 2021	Investment holding	US$2,000,000/-	N/A	N/A	100%	100%	100%	
Seacon Ships Qingdao	PRC, 12 April 2013	Ship management	RMB10,000,000/ RMB5,000,000	100%	100%	97%	97%	97%	(d)
Seacon Ships Management Co., Limited (Zhejiang)("Seacon Ships Zhejiang")	PRC, 27 June 2018	Ship management	RMB20,000,000/ RMB2,600,000	100%	100%	100%	100%	100%	(e)
Seacon Ships Management (Europe) SA ("Seacon Ships Management (Europe)")	Republic of the Marshall Islands, 19 April 2022	Ship management	US$100/—	N/A	N/A	N/A	51%	51%	(l)
Seacon Marine Technical Company Limited (Qingdao) ("Seacon Marine Technical (Qingdao)")	PRC, 15 June 2020	Shipbuilding consultation	RMB1,000,000/-	N/A	100%	100%	100%	100%	
Seacon Ningbo Company Limited ("Seacon Ships Ningbo")	PRC, 25 March 2021	Ship management	RMB5,000,000/-	N/A	N/A	100%	100%	100%	
Seacon Ships Management Co., Limited (Fujian) ("Seacon Ships Fujian")	PRC, 3 November 2021	Ship management	RMB10,000,000/-	N/A	N/A	100%	100%	100%	
Seacon Marine Pte. Ltd. ("Seacon Marine (SG)")	Singapore, 20 January 2020	Investment holding	SG$100,000/-	N/A	100%	100%	100%	100%	(b)
Seacon Shipping Pte. Ltd. ("Seacon Shipping")	Singapore, 29 January 2020	Vessel holding and chartering services	SG$100,000/SG$2	N/A	100%	100%	100%	100%	(b)
Golden Lotus Ltd ("Golden Lotus")	Republic of the Marshall Islands, 24 November 2021	Vessel holding and chartering services	US$50,000/-	N/A	N/A	100%	100%	100%	
Golden Violet Ltd (rename from Estar Shipping Ltd) ("Golden Violet")	Republic of the Marshall Islands, 3 November 2021	Vessel holding and chartering services	US$50,000/-	N/A	N/A	100%	100%	100%	
Seacon Rizhao Ltd ("Seacon Rizhao")	Republic of the Marshall Islands, 3 February 2021	Vessel holding and chartering services	US$50,000/-	N/A	N/A	100%	100%	100%	
Jasper Shipping Ltd (rename from Sky Height Shipping Ltd) ("Jasper Shipping")	Republic of the Marshall Islands, 19 February 2021	Vessel holding and chartering services	US$50,000/US$1	N/A	N/A	100%	100%	100%	
Seacon Ningbo Ltd ("Seacon Ningbo")	Liberia, 5 June 2019	Vessel holding and chartering services	US$500/US$1	100%	100%	100%	100%	100%	
Seacon Shanghai Ltd ("Seacon Shanghai")	Liberia, 11 June 2019	Vessel holding and chartering services	US$500/US$1	100%	100%	100%	100%	100%	
Seacon Brazil Ltd ("Seacon Brazil")	Liberia, 18 April 2019	Vessel holding and chartering services	US$500/US$1	100%	100%	100%	100%	100%	
Seacon Star Shipping (Qingdao) Co., Limited ("Seacon Star Shipping (Qingdao)")	PRC, 10 May 2022	Vessel holding and chartering services	US$2,000,000/—	N/A	N/A	N/A	100%	100%	

Company name	Place and date of incorporation/establishment and operations*	Principal activities	Registered/Issued and paid-up capital	Effective interest held					Note
				31 December			31 May	As at the date of	
				2019	2020	2021	2022	this report	
Seacon Qingdao Ltd ("Seacon Qingdao")	Republic of the Marshall Islands, 8 April 2019	Vessel holding and chartering services	US$50,000/US$1	100%	100%	100%	100%	100%	
Seacon Singapore Ltd ("Seacon Singapore")	Republic of the Marshall Islands, 8 April 2019	Vessel holding and chartering services	US$50,000/US$1	100%	100%	100%	100%	100%	
Golden Bridge Ships Limited ("Golden Bridge")	Hong Kong, 22 October 2018	Vessel holding and chartering services	HK$10,000/ HK$10,000	100%	100%	100%	100%	100%	(b), (f)
Golden River Ships Limited ("Golden River")	Hong Kong, 22 October 2018	Vessel holding and chartering services	HK$10,000/ HK$10,000	100%	100%	100%	100%	100%	(b), (f)
Seacon Peru Ltd ("Seacon Peru")	Republic of the Marshall Islands, 27 May 2019	Vessel holding and chartering services	US$50,000/US$1	100%	100%	100%	100%	100%	
Golden Orchid Ltd. ("Golden Orchid")	Republic of the Marshall Islands, 6 April 2017	Vessel holding and chartering services	US$50,000/ US$50,000	100%	100%	100%	100%	100%	(g)
Seacon Africa Ltd ("Seacon Africa")	Republic of the Marshall Islands, 31 March 2021	Vessel holding and chartering services	US$50,000/US$1	N/A	N/A	100%	100%	100%	
Golden Camellia Limited ("Golden Camellia")	Hong Kong, 13 September 2021	Vessel holding and chartering services	HK$10,000/-	N/A	N/A	100%	100%	100%	
Golden Dahlia Limited ("Golden Dahlia")	Hong Kong, 13 September 2021	Vessel holding and chartering services	HK$10,000/-	N/A	N/A	100%	100%	100%	
Golden Daisy Limited ("Golden Daisy")	Hong Kong, 13 September 2021	Vessel holding and chartering services	HK$10,000/-	N/A	N/A	100%	100%	100%	
Golden Lavender Limited ("Golden Lavender")	Hong Kong, 13 September 2021	Vessel holding and chartering services	US$50,000/-	N/A	N/A	100%	100%	100%	
Seacon Enterprise Pte. Ltd. ("Seacon Enterprise")	Singapore, 19 April 2017	Chartering services	SG$800,000/ SG$800,000	60%	60%	60%	60%	60%	(b)
Seacon Shipping Japan Co., Ltd ("Seacon Shipping Japan")	Japan, 25 October 2018	Vessel holding and chartering services	JPY98,000,000/ JPY98,000,000	100%	100%	100%	100%	100%	
Seacon Victory Ltd ("Seacon Victory")	Republic of the Marshall Islands, 8 April 2015	Vessel holding and chartering services	US$50,000/-	100%	100%	100%	100%	100%	
Seacon Kobe Ltd ("Seacon Kobe")	Republic of the Marshall Islands, 20 January 2021	Vessel holding and chartering services	US$50,000/-	N/A	N/A	100%	100%	100%	
Seacon Osaka Ltd ("Seacon Osaka")	Republic of the Marshall Islands, 20 January 2021	Vessel holding and chartering services	US$50,000/-	N/A	N/A	100%	100%	100%	
Seacon Manila Ltd ("Seacon Manila")	Republic of the Marshall Islands, 23 February 2021	Vessel holding and chartering services	US$50,000/-	N/A	N/A	100%	100%	100%	
Seacon Logistics Co., Ltd ("Seacon Logistics (Japan)")	Japan, 25 May 2021	Chartering services	JPY20,000,000/-	N/A	N/A	100%	100%	100%	
Seacon Shipping (Qingdao) Co., Limited ("Seacon Shipping (Qingdao)")	Hong Kong, 29 December 2021	Vessel holding and chartering services	HK$10,000/-	N/A	N/A	100%	100%	100%	
Bao Feng Ltd ("Bao Feng")	Republic of the Marshall Islands, 27 August 2018	Vessel holding and chartering services	US$50,000/-	100%	100%	N/A	N/A	N/A	(h)
Bao Glory Ltd ("Bao Glory")	Republic of the Marshall Islands, 27 August 2018	Vessel holding and chartering services	US$50,000/-	100%	100%	N/A	N/A	N/A	(h)
Bao Grand Ltd ("Bao Grand")	Republic of the Marshall Islands, 27 August 2018	Vessel holding and chartering services	US$50,000/-	100%	100%	N/A	N/A	N/A	(h)
Star Wealth Ltd	Republic of the Marshall Islands, 23 August 2016	Vessel holding and chartering services	US$50,000/-	52%	100%	100%	N/A	N/A	(i)
Seacon Shipping Group	Hong Kong, 1 February 2013	Vessel holding and chartering services	HK$20,000,000/-	100%	100%	N/A	N/A	N/A	(b),(j)
Golden Tulip Ltd	Liberia, 7 April 2017	Vessel holding and chartering services	US$50,000/-	100%	100%	N/A	N/A	N/A	(k)
Shin Sunny Ltd	Republic of the Marshall Islands, 6 January 2016	Vessel holding and chartering services	US$500/-	100%	100%	N/A	N/A	N/A	(k)
Glory Hangzhou Ltd	Republic of the Marshall Islands, 12 March 2010	Vessel holding and chartering services	US$50,000/-	100%	100%	N/A	N/A	N/A	(k)

Note:

* *The Group's shipping business and ship management business are all operated worldwide.*

(a) All companies comprising the Group have adopted 31 December as the financial year end.

(b) The financial statements of Seacon Ships Management (SG) for the financial year ended 30 April 2021 was audited by CKS Assurance PAC.

The financial statements of Seacon Ships Management (HK) for the years ended 31 December 2019, 2020 and 2021 were audited by Richful CPA Limited.

The financial statements of Seacon Marine Technical for the period from 17 June 2020 (date of incorporation) to 31 May 2021 was audited by CKS Assurance PAC.

The financial statements of Seacon Marine (SG) and its subsidiaries for the period from 20 January 2020 (date of incorporation) to 31 December 2020 and the financial statements of Seacon Marine (SG) for the year ended 31 December 2021 were audited by CKS Assurance PAC.

The financial statements of Golden Bridge and Golden River for the years ended 31 December 2019 and 2020 were audited by BOFA CPA Limited and for the year ended 31 December 2021 was audited by Richful CPA Limited.

The financial statements of Seacon Enterprise for the year ended 31 December 2019 was audited by Moore Stephens LLP and for the years ended 31 December 2020 and 2021 were audited by CKS Assurance PAC.

The financial statements of Seacon Shipping Group for the years ended 31 December 2019, 2020 and 2021 were audited by Richful CPA Limited.

The financial statements of Seacon Shipping and its subsidiaries for the period from 29 January 2020 (date of incorporation) to 31 December 2020 and the financial statements of Seacon Shipping for the year ended 31 December 2021 were audited by CKS Assurance PAC.

The financial statements of the remaining companies for the years ended 31 December 2019, 2020 and 2021 were not audited as no statutory audits were required.

(c) Seacon Tankers was incorporated in Singapore on 17 July 2019, and its 51% and 49% of shareholding interests were owned by Shun Yuen Group (Hong Kong) Limited and Seacon Ships Management (SG), respectively. On 7 January 2020, Shun Yuen Group (Hong Kong) Limited transferred 51% shareholding interest to the Group with consideration of US$10,000. As Seacon Tankers were engaging in the [REDACTED] business, pursuant to the Reorganisation, it was treated as a wholly owned subsidiary of the Group after the transfer.

(d) As mentioned above, the non-controlling interests in Seacon Ships Qingdao is Mr. Shi.

(e) Seacon Ships Zhejiang was established in the PRC on 27 June 2018 and its 75% and 25% shareholding interests were owned by Seacon Ships Qingdao and one independent third party individual, respectively. On 8 April 2019, individual shareholder transferred 25% equity interests in Seacon Ships Zhejiang to Seacon Ships Qingdao with nil consideration as Seacon Ships Zhejiang has not commenced operation with no paid-up capital before the transfer. As Seacon Ships Zhejiang were engaging in the [REDACTED] business, pursuant to the Reorganisation, it was treated as a wholly owned subsidiary of the Group after the transfer.

(f) On 10 June 2019, Mississippi Fortune Hong Kong Company Limited transferred its 100% shareholding interests in Golden Bridge and Golden River to Seacon Shipping Group with consideration of HK$10,000 and HK$10,000 respectively. As Golden Bridge and Golden River were engaging in the [REDACTED] business, pursuant to the Reorganisation, they were treated as wholly owned subsidiaries of the Group after the transfer.

(g) On 9 May 2019, an independent third party individual, Sea Harvest Investment Ltd. (an independent third party) and Mr. Chen transferred their 70%, 20% and 10% shareholding interests in Golden Orchid to Seacon Star Group Ltd (a related party of the Group and its 80% and 20% of shareholding interests owned by Mr. Guo and Mr. Chen, respectively) with consideration of US$50,000. As Golden Orchid were engaging in the [REDACTED] business, pursuant to the Reorganisation, it was treated as a wholly owned subsidiary of the Group after the transfer.

(h) Bao Feng, Bao Glory and Bao Grand were dissolved on 2 November 2021 since they had no business operation.

(i) Star Wealth Ltd was incorporated in the Marshall Islands on 23 August 2016, and its 48% and 52% of shareholding interests were owned by one independent third party individual ("Individual A") and Seacon Star Group Ltd respectively. On 30 June 2020, 48% shareholding interests was transferred to Seacon Star Group Ltd with consideration of US$1 which is good and valuable consideration from the management's perspective, and it is treated as a transaction with non-controlling interests. As Star Wealth Ltd was engaging in the [REDACTED] business, pursuant to the Reorganisation, it was treated as the wholly owned subsidiary of the Group after the transfer. It was dissolved on 6 January 2022.

(j) As mentioned above, the shareholding interests in Seacon Shipping Group was not transferred to the Group, and the net liabilities was accounted for as a deemed contribution of the shareholders on 31 December 2021.

(k) Those companies were dissolved in 2021.

The English names of the subsidiaries incorporated in the PRC and Japan referred to above in this note represent management's best efforts in translating the Chinese names and the Japanese names of those companies as no English names have been registered or are available.

(l) Seacon Ships Management (Europe) was incorporated in the Marshall Islands on 19 April 2022, and its 49% and 51% of shareholding interests were owned by China Maritime General Service Limited and Seacon Ships Group (HK), respectively. It has not commenced operation with no paid-up capital.

1.3 Basis of presentation

Pursuant to the Reorganisation, the [REDACTED] Businesses are transferred to and controlled by the Company. The Company and those companies newly set up during the Reorganisation have not been involved in any other business prior to Reorganisation. The Company and Seacon Group are both ultimately controlled and owned by Mr. Guo. Accordingly, the Reorganisation has been accounted for as a reorganisation of businesses under common control, and for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis.

Due to the different nature of the services and business, the [REDACTED] Businesses and Non-[REDACTED] Businesses have been operated as stand-alone businesses and have separate operation teams. Also, separable accounting records and management accounts were maintained and available to capture the results and performance of each business.

The Historical Financial Information has been prepared by including the historical financial information of the Group as if the current group structure had been existence throughout the Track Record Period and as if the [REDACTED] Businesses were transferred to the Group at the beginning of the earliest period presented or when such businesses were established, whichever is the shorter period, but exclude the Non-[REDACTED] Businesses which are not a part of the Group pursuant to the Reorganisation and have historically been managed separately from the [REDACTED] Businesses.

Inter-company transactions, balances and unrealised gains/losses on transactions between companies within the Group are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Report Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

2.1.1 Going concern

As at 31 December 2019, 2020, 2021 and 31 May 2022, the Group's current liabilities exceeded its current assets by US$43,165,000, US$34,978,000, US$21,304,000, US$3,581,000, respectively. The current liabilities include lease liabilities of US$9,880,000, US$9,385,000, US$21,073,000, US$24,053,000 and amount due to related parties of US$34,971,000, US$33,946,000, US$26,850,000 and US$8,033,000, respectively.

Management has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. A number of measures have been put in place by management to improve the financial position and alleviate the liquidity pressure. Management has prepared cash flow projections of the Group covering a period of not less than twelve months from 31 May 2022. Taking into account the Group's future operational performance and the expected future operating cash inflows as well as the financing and investing cash inflows, management concluded that the Group will have sufficient financial resources to support its operations and to meet its financial obligations and commitments as and when they fall due in the coming twelve months from 31 May 2022.

The Directors have reviewed the Group's cash flow projection and have made due and careful enquiry and considered the basis and assumptions of management's projections. The Directors are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2.1.2 New and amended standards adopted

The HKICPA has issued a number of new and amended HKFRSs which have been effective during the Track Record Period. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and amended HKFRSs including HKFRS 9 Financial Instruments ("HKFRS 9"), HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") and HKFRS 16 Leases ("HKFRS 16") throughout the Track Record Period. The Group applies the simplified transition approach of HKFRS 16 and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets were measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

2.1.3 New standards and interpretations not yet adopted

New standard, amendments to existing standards and interpretations that have been issued but are not effective and have not been early adopted by the Group are set out below:

	New standards, amendments and interpretations	**Effective for annual periods beginning on or after**
HKAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contract (new standard and amendments)	1 January 2023
HKAS 8 (Amendments)	Definition of accounting estimates	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements -classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Directors of the Company are of the opinion that the adoption of the above new standards, amendments to existing standards and interpretations would not have a material impact on the Group's financial statements when they become effective.

2.2 Principles of consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated since the beginning of the earliest period. They are deconsolidated from the date that control ceases.

Apart from the business combination under common control including the Reorganisation referred to in Note 1.2 above which has been accounted for by regarding the Company as being the holding company of the subsidiaries from the beginning of the earliest period presented, or since the date when the combining companies first came under the control of the Group, where there is a shorter period, the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

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

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

2.2.2 Changes in ownership interests

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

2.2.3 Associates and Joint arrangements

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Investments in associates and joint ventures are accounted for using the equity method of accounting (see Note 2.2.4), after initially being recognised at cost.

2.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interests in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

2.3 Separate financial statements

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

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

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM").

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The functional currency of the Company and its major subsidiaries located in Hong Kong, Singapore, Japan and other countries except the PRC is US$, while the functional currency of the subsidiaries in the PRC is RMB respectively. The Historical Financial Information is presented in US$, which is the Group's presentation currency.

2.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the first day of the month of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year/period end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income within "finance costs, net". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "Other gains/(losses), net".

2.5.3 Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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

2.6 Property, plant and equipment

2.6.1 Vessels

Vessels are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Vessels are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values by reference to the lightweight tones of the vessels and the average demolition steel price of similar vessels.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off and recognised in profit or loss immediately.

The estimated useful lives of vessels and the period of estimated next dry-docking date are as follows:

• Vessels	25 years
• Dry-docking	2.5 years

2.6.2 Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

• Transportation equipment	4–10 years
• Buildings	41 years
• Office equipment and other equipment	3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

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

2.7 Leases

The Group as a lessee

The Group leases vessels as well as certain office buildings in the PRC, Japan and Singapore.

Lease is recognised as a right-of-use assets and a corresponding lease liability at the date while the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

The lease payments are discounted using the interest rate implicit in the lease. The Group uses the incremental borrowing rate ("IBR"), for the implicit rate cannot be readily determined, which is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

To determine the IBR, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the IBR.

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

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

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

Short-term leases are leases with a lease term of 12 months or less without a purchase option. The Group applies the lease recognition exemption to short-term leases and leases for which the underlying asset is of low value such as office equipment. Payments associated with short-term leases of vessels and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group as a lessor

The Group leases out self-owned vessels under various charter arrangements.

The Group identifies that a charter arrangement does not contain a lease if customer does not have the right to control the use of the ship because it does not have the right to direct its use, otherwise, it may contain a lease.

For charter arrangement which contains a lease, except the vessels, the Group also provides technical management services and crew manning services, thus the arrangement contains both a lease (i.e. bareboat charter) and non-lease components (i.e. shipping services including technical management services and crew manning services). Consideration of the lease component and non-lease component is allocated with reference to the stand-alone market prices which are benchmarked against market data available, and accordingly recognised as rental income and service income.

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than a significant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

The lease receivables under lease arrangements are included as "trade receivables" in the consolidated balance sheets. Please refer to Note 2.13.

The Group as a sublease lessor

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee ("sublease lessor") to a third party, and the lease ("head lease") between the head lessor and lessee remains in effect. The Group leased in certain vessels and then leased them out under various charter arrangements. The Group identifies whether the sublease arrangement contains a lease based on whether customer has the right to control the use of the ship. For sublease arrangement which contains a lease, consideration of the lease component and non-lease component of a charter is allocated with reference to the stand-alone market prices which are benchmarked against market data available, and accordingly recognised as rental income and service income.

In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.

(b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease as finance lease or operating lease.

2.8 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

2.10 Investments and other financial assets

2.10.1 Classification

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

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

- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss ("FVPL") or OCI ("FVOCI").

As at 31 December 2019, 2020 and 2021 and 31 May 2022, the Group has financial assets in the category of financial assets at amortised cost and at fair value through profit and loss.

2.10.2 Recognition and derecognition

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

2.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

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

2.10.4 Impairment

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 19 for details.

2.11 Offsetting financial instruments

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

2.12 Inventories

Inventories mainly comprise of bunkers. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Net realizable value of bunkers is the expected amount to be realized from use as estimated by the directors/management.

2.13 Trade and other receivables

Trade receivables include freight receivables, charter-hire receivables and ship management receivables from customers for services performed.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 19 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.14 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group's entity purchases the Group's equity share capital, for example as the result of a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity owners. Where such shares are subsequently sold or reissued, the cost of the shares held for employee share scheme is reversed from the treasury share account and the realised gain or loss on sales or reissue, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised in the share premium of the Company.

2.16 Trade and other payables

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

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

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Other borrowing costs are expensed in the period in which they are incurred.

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

2.19.1 Current income tax

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

2.19.2 Deferred income tax

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

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.20 Employee benefits

2.20.1 Wages and salaries

Liabilities for wages, salaries and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2.20.2 Other employee benefit obligations

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join defined contribution plans, including pension, medical, housing and other welfare benefits, set up and administered by the PRC government. According to the relevant regulations, the monthly contributions that should be borne by the PRC subsidiaries of the Company are calculated based on percentages of the total salary of employees, subject to a certain ceiling. The assets of these plans are held separately from those of the Group in independent funds managed by the PRC government.

The subsidiaries in Hong Kong operate the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee administered funds. Under the MPF scheme, the employer and its employees are each required to make regular mandatory contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The Group's contributions to the scheme are expensed as incurred. When employees leave the scheme prior to the full vesting of the employer's voluntary contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The subsidiaries in Singapore contributes to the Central Provident Fund, a defined contribution plan regulated and managed by the government of Singapore, which applies to the majority of the employees who are either Singapore citizens or permanent residents.

The subsidiaries in Japan contributes to the defined contribution plan regulated and managed by the government of Japan.

The Group has no further payment obligations once the above contributions have been paid. The Group's contributions to these plans are charged in the consolidated statements of comprehensive income as incurred.

2.20.3 Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20.4 Share-based compensation

Share-based compensation benefits are provided to employees via employee share scheme. As mentioned in Note 1.2, Mr. Guo transferred 2% and 1% of shareholding interests in the Company to Mr. Zhao and Mr. He in November 2021 without any consideration or service restriction, which lead to share-based compensation. Mr. Guo also transferred 8% of shareholding interests in the Company to Jovial Alliance for future post-[REDACTED] employee share scheme purpose in 2022, however, there is no specific employee share scheme plan yet.

The fair value of the services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted as at grant date.

2.21 Revenue recognition

Revenue is recognised when or as the control of the services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point of time.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer, and it should be presented separately. Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as contract assets and subsequently amortised when the related revenue is recognised. A contract asset becomes a receivable when receipt of the consideration is conditional only on the passage of time. Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost.

Contract liabilities (included in advances and contract liabilities) are recognised for expected volume discounts to customers in relation to sales made until the end of the reporting period.

Trade receivables expected to be recovered in one year or less are classified as current assets. If not, they are represented as non-current assets.

Revenue from ship management business

Certain subsidiaries of the Group generate revenue from operation of ship management business which include provision of ship management services and shipbuilding supervision services. Revenue from ship management business is recognised over time, which is determined on a straight-line basis. Revenue from shipbuilding supervision services are also recognised over time, using an input method to measure progress towards complete satisfaction of the service. The input method recognises revenue on the basis of progress towards complete satisfaction of performance obligation, which is measured based on the Group's effort or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended and cost incurred) relative to the total expected inputs to the satisfaction of that performance obligation.

Rental and service income from shipping business

The Group also generates revenue from shipping activities. Shipping revenue is derived from various charter arrangements including shipping service income and rental income.

For charter arrangement which does not contain a lease, revenue from shipping services is recognised over time, which is determined on a time proportion method of the voyage from loading to discharging.

For charter arrangement which contains a lease, the Group separately accounts for the rental income from lease components and shipping services income from non-lease components for the charter contracts. Please refer to Note 2.7 for details.

2.22 Earnings per share

2.22.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2.22.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders, where appropriate.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in "other income" over the period necessary to match them with the costs that they are intended to compensate. Government grants that compensate the Group for the cost of an asset are included in non-current liabilities as deferred income and are credited to the "other income" on a straight-line basis over the expected useful lives of the related assets.

2.25 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (including market freight rate risk, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are managed by the Group's financial management policies and practices described below.

(a) Market risk

(i) Market freight rate risk

The freight rates of the Group's shipping business are very sensitive to economic fluctuations. The Group's revenue from operations of shipping business may be impacted if freight rates will have any significant changes. Had the freight rates been decreased/increased by 10% for the years ended 31 December 2019, 2020 and 2021 and five months ended 31 May 2021 and 2022 with all other variables held constant, the revenue would have been US$8,230,000, US$11,827,000 and US$26,600,000, US$9,319,000 and US$11,364,000, respectively, lower or higher.

(ii) Foreign exchange risk

The Group operates internationally with most of the transactions settled in US$. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group's assets and liabilities, and transactions arising from its operations primarily do not expose to material foreign exchange risk, other than certain trade and other receivables, cash and cash equivalents, trade and other payables and borrowings denominated in RMB, JPY and SG$, details of which have been disclosed in Note 19, Note 20, Note 25 and Note 23, respectively.

The Group's exposure to foreign currency risk expressed in US$ at the end of each reporting period mainly for subsidiaries with US$ as the functional currency, was as follows:

Assets	As at 31 December 2019		As at 31 December 2020		As at 31 December 2021		As at 31 May 2022	
	RMB	Others	RMB	Others	RMB	Others	RMB	Others
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and other receivables	440	259	1,206	57	416	422	254	50
Cash and cash equivalents	3	280	7	493	35	968	33	427
	443	539	1,213	550	451	1,390	287	477

Liabilities	As at 31 December 2019		As at 31 December 2020		As at 31 December 2021		As at 31 May 2022	
	RMB	Others	RMB	Others	RMB	Others	RMB	Others
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and other payables	1,986	64	3,404	76	857	1,579	142	77
Borrowings	—	75	—	1,314	—	1,337	—	1,122
	1,986	139	3,404	1,390	857	2,916	142	1,199

The following table shows the sensitivity analysis of change in the relevant foreign currencies against US$. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should the relevant currencies strengthen/weaken by 5% against US$, the effect on post-tax profit at the end of each reporting period would be as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
US$/RMB exchange rate — increase	77	110	20	101	(7)
US$/RMB exchange rate — decrease	(77)	(110)	(20)	(101)	7

(iii) Cash flow and fair value interest rate risk

The fair value interest rate risk relates primarily to the Group's fixed-rate borrowings and lease liabilities and other financial assets at amortised cost. The cash flow interest rate risks of the Group relate primarily to floating-rate borrowings. The management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. During the Track Record Period, there were no hedging activities. The fair value interest rate risk on bank deposits is insignificant as the fixed deposits are short-term. During the Track Record Period, the Group's borrowings at variable rate were mainly denominated in US$.

The Group's interest rate profile as monitored by management is set out as below.

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial instruments with floating rate				
Borrowings	58,687	48,839	26,250	70,075
Financial instruments with fixed rate				
Borrowings	75	1,169	6,595	6,142
Lease liabilities	42,370	32,506	86,659	100,240
	42,445	33,675	93,254	106,382
Interest-free financial instruments				
Amount due to related parties	34,971	33,946	26,850	8,033
Amount due to third parties	—	472	—	—
	34,971	34,418	26,850	8,033

The Group's sensitivity to interest rate risk is prepared assuming the amount of floating-rate borrowings at the end of each reporting period were outstanding. Bank balances are excluded from sensitivity analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates on borrowings at variable rates had been 50 basis points higher/lower with all other variables held constant, the impact on post-tax profit were as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Impact on post-tax profit at 50 basis point higher	(293)	(244)	(131)	(257)	(350)
Impact on post-tax profit at 50 basis point lower	293	244	131	257	350

(iv) Effect of IBOR reform

The Group has adopted the Interest Rate Benchmark Reform — Phase 2 Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Leases as issued in 9 October 2020 since 1 January 2021.

'Phase 2' of the amendments requires that, for financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost and debt financial assets classified as FVOCI), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate.

Following the financial crisis, the reform and replacement of benchmark interest rates remains some uncertainty around the timing and precise nature of these changes.

As at 31 May 2022, there have been general communications with debt counterparties, but specific changes required by the reform have not yet been agreed. Risks arising from the transition relate principally to the potential impact of rate differences if the debt do not transition to the new benchmark interest rate at the same time and/or the rates move by different amounts. This could result in a net cash expense to the Group as a result of transition.

The following table contains details of all of the financial instruments that the Group holds at 31 May 2022 which reference US$ LIBOR and JPY TIBOR and have not yet transitioned to an alternative interest rate benchmark:

	Carrying value at 31 May 2022 Liabilities *US$'000*
Liabilities measured at amortised cost	
Borrowings — exposed to US$ LIBOR	69,233
Borrowings — exposed to JPY TIBOR	271
Total liabilities exposed to US$ LIBOR and JPY TIBOR	69,504

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted bank deposits, trade and other receivables, and loans to third parties which represented as non-current assets.

To manage the risk arising from cash and bank deposits, the Group only conducts transactions with reputable commercial banks which are all high-credit-quality financial institutions in Singapore, Hong Kong, Japan and the PRC. There has been no recent history of default in relation to these financial institutions.

Trade receivables consist principally of freight receivables, charter-hire receivables and ship management receivables. It is industry practice that 95% to 100% of freight is paid upon completion of loading, with any balance paid after completion of discharge and the finalisation of port disbursements, demurrage claims or other voyage-related charges. It is also industry practice that charter hire and ship management fee is paid in advance. The Group normally will not grant any credit terms to its customers and therefore all trade receivables are past due.

There is no significant concentration of the Group's credit losses as no individual balance of trade receivables exceeding 10% of the Group's total trade receivables as at 31 December 2019, 2020 and 2021 and 31 May 2022. During the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022, no revenue from a single customer accounted for more than 10% of the Group's total revenue.

For other receivables, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking domestic and international macroeconomic data.

(i) Trade receivables

The Group measures the loss allowance provision of trade receivables according to the amount of expected credit losses equivalent to the entire life period, and calculates its expected credit losses based on the comparison table for credit risk rating and default loss rate.

As is mentioned in Note 1.2, Seacon Shipping Group was not transferred to the Group, but retained in Seacon Group, thus it was out of the consolidation scope, amounts due from Seacon Shipping Group at 31 December 2021 are reflected as trade receivables, and provision of which are made on individual basis with loss rate of 0.51% after consideration of its long-aging status, the good credit standing and the settlement plan. There were no provision made on individual basis as at 31 December 2019 and 2021 and 31 May 2022. The remaining trade receivables have been grouped to measure the expected credit losses based on shared credit risk characteristics. The average loss rate applied for trade receivables from ship management business as at 31 December 2019, 2020 and 2021 and 31 May 2022 were 0.03%, 0.25%, 0.04% and 0.21% respectively. The average loss rate applied for trade receivables from shipping business on collective basis as at 31 December 2019, 2020 and 2021 and 31 May 2022 were 0.04%, 0.25%, 0.22% and 0.13% respectively. The expected credit losses have incorporated forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(ii) Other receivables and loans to third parties which are represented as non-current assets.

Other receivables mainly include receivables and advances to related parties and third parties, deposits and guarantees and others. Loans to third parties are represented as non-current assets. The management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. The Group applies either 12-month expected credit loss or lifetime expected losses method, depending on whether there has been a significant increase in credit risk since initial recognition.

In view of the history of cooperation with the debtors and collection from them, the management of the Group believes that all of the Group's other receivables and loans to third parties are classified in Stage 1 as at 31 December 2019, 2020 and 2021 and 31 May 2022. The average loss rate applied for other receivables as at 31 December 2019, 2020 and 2021 and 31 May 2022 were 0.85%, 1.06%, 0.76% and 1.42% respectively. The average loss rate applied for loans to third parties as at the 31 December 2019 and 2020 were 0.50% and 0.85% respectively.

(iii) Loss allowance provision movement

During the years of 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022, the movement of loss allowance provision of trade receivables, other receivables and loans to third parties is as follow:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Loss allowance provision:					
At beginning of the year/period	298	192	312	312	107
Provision	—	120	16	55	107
Reversal	(106)	—	(221)	—	(16)
At the end of the year/period	192	312	107	367	198

(c) Liquidity risk

As mentioned in Note 2.1.1, the Group's current liabilities exceeded its current assets. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through borrowing from the banks and leasing companies. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents, and further supplements this by funding from banks and leasing companies.

The Group's primary cash requirements have been for purchases of vessels, repayment of charter hire cost and bunker, and repayment of rentals under bare-boat charter arrangement and debts. The Group finances its working capital requirements through a combination of funds generated from operations, bank loans, leases, advances from related parties.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the undiscounted cash outflow relating to the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2019					
Borrowings	13,299	10,473	18,491	30,547	72,810
Lease liabilities	11,315	9,557	20,240	5,000	46,112
Trade and other payables *(note (i))*	48,498	—	—	—	48,498
	73,112	20,030	38,731	35,547	167,420
As at 31 December 2020					
Borrowings	14,224	9,331	14,565	23,468	61,588
Lease liabilities	9,558	7,031	16,772	978	34,339
Trade and other payables *(note (i))*	58,630	—	—	—	58,630
	82,412	16,362	31,337	24,446	154,557
As at 31 December 2021					
Borrowings	6,868	6,278	14,757	14,667	42,570
Lease liabilities	22,111	15,754	31,627	22,232	91,724
Trade and other payables *(note (i))*	50,646	—	—	—	50,646
	79,625	22,032	46,384	36,899	184,940
As at 31 May 2022					
Borrowings	12,656	11,052	29,555	36,675	89,938
Lease liabilities	24,762	18,224	38,225	23,825	105,036
Trade and other payables *(note (i))*	37,946	—	—	—	37,946
	75,364	29,276	67,780	60,500	232,920

(i) Trade and other payables exclude salaries and staff welfare payable, taxes payable.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders of the Group and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings, lease liabilities, amount due to related parties and amount due to third parties less cash and cash equivalents. Total equity is shown in the consolidated balance sheet.

As at 31 December 2019, 2020 and 2021 and 31 May 2022, the net debt to total equity ratios were as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total borrowings	58,762	50,008	32,845	76,217
Lease liabilities	42,370	32,506	86,659	100,240
Amount due to related parties	34,971	33,946	26,850	8,033
Amount due to third parties	—	472	—	—
Less: cash and cash equivalents *(Note 20)*	(1,943)	(4,420)	(25,030)	(19,680)
Net debt	134,160	112,512	121,324	164,810
Total equity	3,759	5,292	51,407	84,340
Gearing ratio (%)	3,569	2,126	236	195

The decrease in gearing ratio from 31 December 2019 to 31 December 2020 was resulted from the repayment of borrowings and lease liabilities.

The decrease in gearing ratio from 31 December 2020 to 31 December 2021 was resulted from the significant increase of total equity due to the increase of net profit in 2021.

3.3 Fair value estimation

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the Historical Financial Information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group analyses the financial instruments carried at fair value, by valuation method. The different level has been defined as follow:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group has no level 1 and level 2 financial instruments as at 31 December 2019, 2020 and 2021 and 31 May 2022.

(ii) Fair value measurements using significant unobservable inputs of level 3 financial assets.

The following table presents the Group's financial assets that are measured at fair value as at 31 December 2019, 2020 and 2021 and 31 May 2022:

	Financial assets using unobservable inputs			
	As at 31 December			**As at 31 May**
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial assets at fair value through profit or loss	1,997	2,365	3,285	1,662

Financial assets at fair value through profit or loss represent the Group's right of gain/loss sharing from vessel disposal and the right to receive the returning deposit (collectively the "Identified Financial Assets"). Please refer to Note 15 for details.

There were no transfers among different categories during the Track Record Period.

The Group has used the binomial option-pricing model to estimate the fair value of the Identified Financial Assets as at 31 December 2019 and 31 December 2020, and used income approach to estimate the fair value of the Identified Financial Assets as at 31 December 2021 and 31 May 2022. The following table presents the changes of the fair value of the Identified Financial Assets for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022:

	Year ended 31 December			**Five months ended 31 May**	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				unaudited	
Fair value of Identified Financial Assets					
At beginning of the year/ period	—	1,997	2,365	2,365	3,285
Purchase of financial assets at FVPL	2,000	—	182	182	—
Change in fair value through profit or loss	(3)	368	920	67	383
Disposal of financial assets at FVPL	—	—	(182)	—	(2,006)
At the end of the year/ period	1,997	2,365	3,285	2,614	1,662

(iii) Valuation inputs and relationships to fair value

The valuation inputs as at 31 December 2019 and 31 December 2020 include risk-free interest rate and volatility:

	As at 31 December	
	2019	**2020**
Risk-free interest rate	1.78%	0.40%
Volatility	40%	45%

The higher the risk-free interest rate the higher the fair value of the right of gain/loss sharing from vessel disposal. The higher the risk-free interest rate the lower the fair value of the right to receive the returning deposit. The higher the volatility, the higher the fair value of the right of gain/loss sharing from vessel disposal and the right to receive the returning deposit.

For the right of gain/loss sharing from vessel disposal, if risk-free interest rates had increased/decreased by 10% for the year ended 31 December 2019 and 31 December 2020 with all other variables held constant, the fair value would have been higher or lower US$1,000 and US$-*(less than US$1,000) respectively; If volatility had increased by 10% for the year ended 31 December 2019 and 31 December 2020 with all other variables held constant, the fair value would have been higher US$216,000 and US$185,000 respectively; If volatility had decreased by 10% for the year ended 31 December 2019 and 31 December 2020 with all other variables held constant, the fair value would have been lower US$153,000 and US$209,000 respectively,

For the right to receive the returning deposit, if risk-free interest rates had increased/decreased by 10% for the year ended 31 December 2019 and 31 December 2020 with all other variables held constant, the fair value would have been lower or higher US$18,000 and US$3,000 respectively; If volatility had increased by 10% for the year ended 31 December 2019 and 31 December 2020 with all other variables held constant, the fair value would have been higher US$20,000 and US$3,000 respectively; If volatility had decreased by 10% for the year ended 31 December 2019 and 31 December 2020 with all other variables held constant, the fair value would have been lower US$15,000 and US$5,000 respectively.

The Group has used income approach to estimate the fair value of Identified Financial Assets as at 31 December 2021 and 31 May 2022. The valuation inputs as at 31 December 2021 and 31 May 2022 include discount rate:

	As at 31 December 2021	**As at 31 May 2022**
Discount rate	0.06% and 0.22% respectively for each vessel	1.64% for the remaining one vessel

If discount rates had increased by 10% for the year ended 31 December 2021 and the five months ended 31 May 2022 with all other variables held constant, the fair value of the Identified Financial Assets would have been lower US$-*(less than US$1,000) and US$1,000 respectively. If discount rates had decreased by 10% for the year ended 31 December 2021 and the five months ended 31 May 2022 with all other variables held constant, the fair value of the Identified Financial Assets would have been higher US$-*(less than US$1,000) and US$2,000 respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events thus may have a financial impact on the equity that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated useful lives and residual value of vessels

The Group's major operating assets represent vessels. Management determines the estimated useful lives, residual values and related depreciation expenses for its vessels. Management estimates useful lives of the vessels by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the vessels, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the vessel market.

Management determines the estimated residual value for its vessels by reference to all relevant factors (including the use of the current scrap values of steels in an active market) at each measurement date. The depreciation expense will change where the useful lives or residual value of vessels are different from the previous estimate.

Had the useful lives been extended/shortened by 10% from management's estimates as at 31 December 2019, 2020, 2021 and 31 May 2021 and 2022, with all other variables held constant, the estimated depreciation expenses of vessels for the year would have been decreased by US$136,000, US$214,000, US$169,000, US$58,000 and US$125,000 respectively or increased by US$194,000, US$252,000, US$200,000, US$80,000 and US$152,000 respectively for the year ended 31 December 2019, 2020,2021 and the five months ended 31 May 2021 and 2022.

Had the residual values been increased/decreased by 10% from management's estimates as at 31 December 2019, 2020, 2021 and 31 May 2021 and 2022, with all other variables held constant, the estimated depreciation expenses of vessels for the year would have been decreased or increased by US$155,000, US$243,000, US$176,000 and US$69,000 and US$70,000 respectively for the year ended 31 December 2019, 2020, 2021 and the five months ended 31 May 2021 and 2022.

(b) Determination of the lease term

The Group as the lessee leases in vessels. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option, whether or not to exercise the purchase option and when to exercise the purchase option. Extension options (or periods after termination options) and purchase option are only included in the lease term if the lease is reasonably certain to be extended (or not terminated); purchase option are only included in the lease term if the Group is reasonably certain to exercise the purchase option right.

For leases of vessels, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- If the market price is much higher than the purchase option price and the Group has the financial capability, the Group is typically reasonably certain to exercise the purchase option right;

- Otherwise, the Group considers other factors including historical lease duration and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(c) Leases — Estimating the IBR

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiaries' stand-alone credit rating).

(d) Impairment of vessels

The Group's major operating assets represent vessels in property, plants and equipments and right-of-use assets. Management performs review for impairment of the vessels whenever events or changes in circumstances indicate that the carrying amounts of the vessels may not be recoverable. In assessing the indicators of potential impairment, internal and external sources of information such as reported sale and purchase prices, market demand and general market conditions are considered.

Vessels that are interchangeable are grouped together into one cash-generating unit ("**CGU**"). An impairment is recognised when the carrying value exceeds the recoverable amount, where the recoverable amount is the higher of value-in-use and fair value less costs of disposal. The recoverable amounts of vessels based on value-in-use calculations which involve significant management judgements and assumptions in particular forecast utilisation, daily time-charter equivalent ("**TCE**") rates and cost inflation rates applied to the future cash flows forecasts of the CGU.

Impairment of individual vessels that are classified as assets held for sale is recognised when their carrying values exceed their fair values less costs of disposal.

Management assessed the recoverable amount of the CGU, and determined that there was no impairment for vessels for the year ended at 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022.

(e) Provision for impairment of trade receivables

The Group's management determines the provision for impairment of trade receivables on a forward-looking basis and the expected lifetime losses are recognised from initial recognition of the assets. The provision matrix is determined based on the Group's historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. In making the judgement, management considers available reasonable and supportive forward-looking information such as actual or expected significant changes in the operating results of customers, actual or expected significant changes in business and customers' financial position including, among others, the economic impact of the unprecedented COVID-19 pandemic on the customers and the region in which they operate. At every reporting date, historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group's management, see Note 3.1(b).

5 REVENUE AND SEGMENT INFORMATION

The Company's executive directors are the Group's CODM. The Group's CODM mainly examines the Group's performance from a business perspective, and has identified two reporting segments of its business as follows:

- Shipping business
- Ship management business

(a) Segment information of the Group

The following is an analysis of the Group's revenue and results by reportable segments:

	For the year ended 31 December 2019			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total reportable segment revenue				
Revenue from external customers	108,855	26,752	—	135,607
Inter-segment revenue	—	352	(352)	—
Total revenue	108,855	27,104	(352)	135,607
Segment results				
Profit before income tax	5,659	3,264	—	8,923
Segment results included:				
Finance income	1	1		2
Finance costs	(2,721)	(56)		(2,777)
Depreciation and amortisation	(8,677)	(250)		(8,927)
Net impairment (losses)/reversal on financial assets	(86)	192		106
Share of profit of associates and joint ventures	253	—		253

	For the year ended 31 December 2020			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total reportable segment revenue				
Revenue from external customers	142,379	36,550	—	178,929
Inter-segment revenue	—	7,608	(7,608)	—
Total revenue	142,379	44,158	(7,608)	178,929
Segment results				
Profit before income tax	(2,588)	3,982	—	1,394
Segment results included:				
Finance income	—*	3		3
Finance costs	(3,855)	(58)		(3,913)
Depreciation and amortisation	(15,053)	(359)		(15,412)
Net impairment losses on financial assets	(103)	(17)		(120)
Share of profit of associates and joint ventures	(242)	—		(242)

	For the year ended 31 December 2021			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total reportable segment revenue				
Revenue from external customers	323,742	48,996	—	372,738
Inter-segment revenue	—	11,107	(11,107)	—
Total reportable segment revenue	323,742	60,103	(11,107)	372,738
Segment results				
Profit before income tax	38,343	2,843	—	41,186
Segment results included:				
Finance income	—*	1		1
Finance costs	(3,399)	(52)		(3,451)
Depreciation and amortisation	(17,973)	(291)		(18,264)
Net impairment reversal on financial assets	60	145		205
Share of profit of associates and joint ventures	4,314	—		4,314

	For the five months ended 31 May 2021 (unaudited)			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total reportable segment revenue				
Revenue from external customers	107,866	17,901	—	125,767
Inter-segment revenue	—	4,957	(4,957)	—
Total reportable segment revenue	107,866	22,858	(4,957)	125,767
Segment results				
Profit before income tax	9,247	1,495	—	10,742
Segment results included:				
Finance income	—*	—*		—*
Finance costs	(1,256)	(21)		(1,277)
Depreciation and amortisation	(5,228)	(110)		(5,338)
Net impairment (losses)/reversal on financial assets	(132)	77		(55)
Share of profit of associates and joint ventures	572	—		572

	For the five months ended 31 May 2022			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total reportable segment revenue				
Revenue from external customers	155,354	23,598	—	178,952
Inter-segment revenue	—	1,062	(1,062)	—
Total reportable segment revenue	155,354	24,660	(1,062)	178,952
Segment results				
Profit before income tax	30,487	3,659	—	34,146
Segment results included:				
Finance income	—*	—*		—*
Finance costs	(2,363)	(26)		(2,389)
Depreciation and amortisation	(12,199)	(169)		(12,368)
Net impairment (losses)/reversal on financial assets	(141)	50		(91)
Share of profit of associates and joint ventures	4,566	—		4,566

The following is an analysis of the Group's assets and liabilities by reportable segments:

	As at 31 December 2019			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	147,535	10,593	(1,847)	156,281
Segment liabilities	143,349	11,020	(1,847)	152,522

	As at 31 December 2020			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	143,186	25,795	(16,541)	152,440
Segment liabilities	142,062	21,627	(16,541)	147,148

	As at 31 December 2021			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	213,982	22,058	(5,594)	230,446
Segment liabilities	168,902	15,731	(5,594)	179,039

	As at 31 May 2022			
	Shipping business	**Ship management business**	**Elimination**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets	292,305	19,171	(5,179)	306,297
Segment liabilities	216,554	10,582	(5,179)	221,957

(b) Analysis of revenue

The Group's businesses are managed on a worldwide basis. The revenues generated from provision of shipping business and ship management business, which is carried out internationally, and the way in which costs are allocated, preclude a meaningful presentation of geographical information.

The Group's revenues for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022 are recognised over-time.

(i) The revenue is listed as below:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				unaudited	
Revenue from shipping business					
Shipping service income — over time	91,992	128,687	281,385	99,031	124,678
Rental income	16,863	13,692	42,357	8,835	30,676
	108,855	142,379	323,742	107,866	155,354
Revenue from Ship management business					
Ship management income — over time	27,104	44,158	60,103	22,858	24,660

(ii) Information about major customers

During the Track Record Period, there were no sales to any single customer which contributed 10% or more of the Group's revenue.

(c) Unsatisfied performance obligations

There is no significant long-term unsatisfied performance obligations in the Track Record Period. For the above contracts with customers, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

6 OTHER LOSSES/(GAINS), NET

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Foreign exchange losses/(gains), net	163	545	242	242	(29)
Bank charges	133	140	258	160	337
Provision for legal proceedings *(note (i))*	—	—	803	—	680
Impairment loss of held-for-sale assets *(note (ii))*	—	1,244	—	—	—
Net gains on disposal of property, plant and equipment	(65)	—	(3)	—	(5,683)
Net fair value losses/(gains) on financial assets at fair value through profit or loss	3	(368)	(920)	(67)	(383)
Others	44	(47)	(11)	4	(10)
	278	1,514	369	339	(5,088)

(i) Provision for legal proceedings represents the provision made for one on-going legal proceedings in connection with a dispute over a bareboat charter contract based on the estimated compensation amount.

(ii) Impairment loss of held-for-sale assets in 2020 was mainly due to the disposal of two vessels which were not under good condition. Please refer to Note 21 for details.

7 EXPENSES BY NATURE

Expenses included in cost of sales and selling, general and administrative expenses are analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Charter hire cost *(note (a))*	53,339	60,808	176,683	59,035	70,870
Crew manning expenses *(note (b))*	25,109	33,335	47,837	15,921	22,941
Bunker consumed	16,166	28,711	36,468	15,650	23,982
Port charges	4,774	11,934	13,919	6,230	5,861
Depreciation and amortisation *(note (c), note (d))*	8,927	15,412	18,264	5,338	12,368
Brokerage	1,353	1,923	4,154	1,212	1,601
Insurance	1,589	2,270	2,581	1,005	1,264
Employee benefit expenses *(Note 8)*	3,965	3,402	13,096	1,677	3,258
Lubricating oil and spare parts costs	2,459	4,557	5,562	3,132	2,718
Repair expense	914	2,232	1,374	465	395
Shipbuilding supervision outsourced fee	2	2,013	3,592	1,199	1,397
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Vessel take over fee	670	118	980	341	554
Vessel certificate and inspection related cost	434	1,165	914	584	579
Business development and entertainment expenses	282	137	407	211	223
Others	4,054	3,893	5,095	1,945	3,036
Total cost of sales, selling, general and administrative expenses	124,037	171,910	332,303	113,945	151,995

(a) Charter hire costs mainly comprise the cost of short-term charters with a term of 12 months or less.

(b) Crew manning expenses represent the wages of the crew members charged by the crew manning agencies.

(c) Depreciation charged to profit or loss is analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Depreciation for the year/ period					
— Property, plant and equipment *(Note 12)*	1,713	2,675	2,261	874	1,694
— Right-of-use assets *(Note 13)*	7,119	12,079	14,998	4,139	10,114
Amount charged to profit or loss	8,832	14,754	17,259	5,013	11,808
Charged to:					
— Cost of sales	8,473	14,225	16,817	4,839	11,574
— Selling, general and administrative expenses	359	529	442	174	234
	8,832	14,754	17,259	5,013	11,808

(d) Amortisation charged to profit or loss is analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Amortisation for the year/ period					
— Dry-docking of right-of-use assets	94	652	997	324	553
— Intangible assets	1	6	8	1	7
Amount charged to profit or loss	95	658	1,005	325	560
Charged to:					
— Cost of sales	94	652	997	321	516
— Selling, general and administrative expenses	1	6	8	4	44
	95	658	1,005	325	560

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Wages, salaries, bonuses and allowances	3,674	3,166	6,987	1,537	2,968
Share based compensation *(note (a))*	—	—	5,635	—	—
Social security funds	68	42	264	84	149
Housing funds	55	78	109	28	65
Other welfare expenses	168	116	101	28	76
	3,965	3,402	13,096	1,677	3,258

(a) As mentioned in Note 1.2, in November 2021, Mr. Guo transferred 2% and 1% shareholding interests of the Company to Mr. Zhao and Mr. He respectively without any consideration or any service restriction, which led to share-based compensation. Base on the valuation report issued by an independent institution, the fair value for the grant of the shares amounted to US$5,635,000 is recognised as an expense and reserves. The valuation inputs include P/E ratio and discount for lack of marketability, which were 10 and 30% respectively.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2019, 2020, 2021 and five months ended 31 May 2021 and 2022 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Directors *(Note 31)*	346	249	5,924	—	122
Non-directors	414	520	1,291	309	244
	760	769	7,215	309	366

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022 includes three, two, two, nil and two directors whose emoluments are reflected in the analysis presented in Note 31. The emoluments payables to the remaining individuals during the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Wages and salaries	413	508	508	298	234
Bonus	—	—	730	—	—
Social security funds	1	12	19	11	10
Other welfare expenses	—	—	34	—	—
	414	520	1,291	309	244

The emoluments to the non-directors fell within the following bands:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021 unaudited	2022
Emolument bands (in HK$)					
Less than HKD1,000,000	—	—	—	5	3
HK$1,000,001 to HK$1,500,000	1	2	—	—	—
HK$1,500,001 to HK$2,000,000	1	1	—	—	—
HK$2,000,001 to HK$2,500,000	—	—	—	—	—
HK$2,500,001 to HK$3,000,000	—	—	2	—	—
HK$3,500,001 to HK$4,000,000	—	—	—	—	—
HK$4,000,001 to HK$4,500,000	—	—	—	—	—
HK$4,500,001 to HK$5,000,000	—	—	1	—	—

9 FINANCE COSTS, NET

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Finance income	(2)	(3)	(1)	—*	—*
Finance costs:					
— borrowings	1,650	2,249	1,934	696	1,554
— lease liabilities	1,127	1,664	1,517	581	835
Finance costs expensed	2,777	3,913	3,451	1,277	2,389
Finance costs, net	2,775	3,910	3,450	1,277	2,389

10 INCOME TAX EXPENSES

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Current income tax:					
— Hong Kong profits tax	94	520	398	193	187
— PRC enterprise income tax	—	1	28	—	16
— Japan income tax	—	31	500	111	777
— Singapore income tax	—*	91	302	—*	272
Deferred income tax	395	27	(47)	(7)	4
	489	670	1,181	297	1,256

For the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022, taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates.

(i) Cayman Islands Income Tax

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to Cayman Islands income tax.

(ii) British Virgin Islands Income Tax

Under the current laws of the BVI, the BVI subsidiaries are not subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the BVI.

(iii) Marshall Islands Income Tax

Under the current laws of the Marshall Islands, the Marshall Islands subsidiaries are not subject to Marshall Islands tax on income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the Marshall Islands.

(iv) Liberia Income Tax

Under the current laws of Liberia, the Liberia subsidiaries are not subject to tax on its income or capital gains as the income is not Liberia sourced.

(v) Singapore Income Tax

Certain subsidiaries engaged in ship management business and shipping business are registered in Singapore or are Singapore tax resident, while the statutory rate for Singapore income tax is 17%, however, profit from shipping business derived by the Group is exempted from tax under Section 13F of the Singapore Income Tax Act.

For subsidiaries which are engaged in ship management business, the partial tax exemption scheme applies on the first SG$300,000 of normal chargeable income for years of assessment 2010 to 2019; and specifically 75% of up to the first SG$10,000 of a company's normal chargeable income, and 50% of up to the next SG$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. From year of assessment 2020 onwards, the partial tax exemption scheme applies on the first SG$200,000 of normal chargeable income; and specifically 75% of up to the first SG$10,000 of a company's normal chargeable income, and 50% of up to the next SG$190,000 is exempt from corporate tax.

(vi) Hong Kong Income Tax

Certain subsidiaries engaged in ship management business and shipping business are registered in Hong Kong or are Hong Kong tax resident. The provision for Hong Kong profits tax of shipping management services for the years ended 31 December 2019, 2020, 2021 and five months ended 31 May 2021 and 2022 are calculated in accordance with the two-tiered profit tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. A group of "connected entities" can only nominate one entity within the group to enjoy the two-tier rates for a given year of assessment. The profits of corporation which is not qualifying for the two-tiered profits tax rates regime is taxed at a flat rate of 16.5%. The profits from shipping business which are not derived from or arising in Hong Kong meets the criteria of Inland Revenue Ordinance of Hong Kong Section 23B and should be exempt from profits tax.

(vii) Japan Income Tax

Certain subsidiaries engaged in shipping business are registered in Japan or are Japanese tax resident. The Japan income tax have been provided at the progressive tax rate on the estimated profits.

(viii) PRC Enterprise Income Tax ("EIT")

Certain subsidiaries engaged in ship management business are registered in the PRC. The statutory rate for PRC enterprise income tax is 25% except for certain subsidiaries which are taxed at preferential tax rate. According to Cai Shui [2019] No.13, certain PRC subsidiaries of the Company were small low-profit enterprises. The portion of the annual taxable income of no more than RMB1 million shall be deducted into the taxable income by 25%, and the EIT shall be prepaid at the rate of 20%; the annual taxable income exceeds RMB1 million but no more than RMB3 million shall be deducted into the taxable income by 50%, and the EIT shall be prepaid at the rate of 20%.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax. Except one PRC subsidiary has retained earning of US$170,000, there was still accumulated loss of other PRC subsidiaries with foreign investor during the Track Record Period, the Group did not have any plan to require the PRC subsidiaries to distribute their retained earnings to any foreign investor in the foreseeable future. Accordingly, no tax liability on withholding tax was accrued as of the end of each reporting period.

(a) The taxation of the Group's profit before taxation differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Profit before income tax	8,923	1,394	41,186	10,742	34,146
Tax calculated at applicable tax rates	1,485	280	7,083	1,885	6,271
Expenses not deductible for taxation purposes	—	30	241	48	39
Exempted losses	—	518	—	77	74
Tax effect of share of profits of associates and joint ventures	(42)	40	(712)	(97)	(776)
Exempted gains *(note (i))*	(954)	(198)	(5,431)	(1,616)	(4,352)
Income tax expense	489	670	1,181	297	1,256

(i) As is disclosed in note 10 (v) and note 10 (vi), certain profit from shipping business derived by the Group's Singapore-incorporated subsidiaries is exempted from tax under Section 13F of the Singapore Income Tax Act, and certain profit from shipping business derived by the Group's Hong Kong-incorporated subsidiaries which is not derived from or arising in Hong Kong should be exempt from profits tax, tax effect of such profit which was largely exempted from income tax were reflected as exempted gains.

11 EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2019, 2020 and 2021 and five months ended 31 May 2021 and 2022 are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the issue of shares in connection with the Reorganization completed in February 2022.

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Profit attributable to the owners of the Company	7,747	451	33,617	7,726	31,840
Weighted average number of ordinary shares in issue	10,000	10,000	10,000	10,000	10,000
Basic earnings per share	0.77	0.05	3.36	0.77	3.18

As the Company has no dilutive instruments for the Track Record Period, the Group's diluted earnings per share equals to its basic earnings per share.

12 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2019	Vessels	Buildings	Transportation equipment	Office equipment and other equipment	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost					
Opening balance	24,605	1,205	187	94	26,091
Additions	41,002	—	81	38	41,121
Disposals	(6,400)	—	—	(49)	(6,449)
Currency translation differences	—	(20)	(1)	—	(21)
Closing balance	59,207	1,185	267	83	60,742
Accumulated depreciation					
Opening balance	(2,184)	(51)	(29)	(21)	(2,285)
Depreciation charge	(1,621)	(31)	(32)	(29)	(1,713)
Disposals	639	—	—	21	660
Currency translation differences	—	1	—	—	1
Closing balance	(3,166)	(81)	(61)	(29)	(3,337)
Net book amount					
As at 1 January 2019	22,421	1,154	158	73	23,806
As at 31 December 2019	56,041	1,104	206	54	57,405

Year ended 31 December 2020	Vessels	Buildings	Transportation equipment	Office equipment and other equipment	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost					
Opening balance	59,207	1,185	267	83	60,742
Additions	1,389	—	68	2	1,459
Disposal	—	—	(34)	—	(34)
Assets classified as held for sale	(10,415)	—	—	—	(10,415)
Currency translation differences	—	82	8	1	91
Closing balance	50,181	1,267	309	86	51,843
Accumulated depreciation					
Opening balance	(3,166)	(81)	(61)	(29)	(3,337)
Depreciation charge	(2,568)	(32)	(48)	(27)	(2,675)
Disposal	—	—	34	—	34
Assets classified as held for sale	1,853	—	—	—	1,853
Currency translation differences	—	(7)	(3)	—	(10)
Closing balance	(3,881)	(120)	(78)	(56)	(4,135)
Net book amount					
As at 31 December 2019	56,041	1,104	206	54	57,405
As at 31 December 2020	46,300	1,147	231	30	47,708

Year ended 31 December 2021	Vessels	Buildings	Transportation equipment	Office equipment and other equipment	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost					
Opening balance	50,181	1,267	309	86	51,843
Additions	9,299	—	96	1	9,396
Disposal	—	—	(37)	—	(37)
Currency translation differences	—	30	3	—	33
Closing balance	59,480	1,297	371	87	61,235
Accumulated depreciation					
Opening balance	(3,881)	(120)	(78)	(56)	(4,135)
Depreciation charge	(2,140)	(34)	(63)	(24)	(2,261)
Disposal	—	—	12	—	12
Currency translation differences	—	(3)	—	—	(3)
Closing balance	(6,021)	(157)	(129)	(80)	(6,387)
Net book amount					
As at 31 December 2020	46,300	1,147	231	30	47,708
As at 31 December 2021	53,459	1,140	242	7	54,848

Five months ended 31 May 2021	Vessels	Buildings	Transportation equipment	Office equipment and other equipment	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Unaudited					
Cost					
Opening balance	50,181	1,267	309	86	51,843
Additions	9,299	—	—	—	9,299
Currency translation differences	—	32	3	—	35
Closing balance	59,480	1,299	312	86	61,177
Accumulated depreciation					
Opening balance	(3,881)	(120)	(78)	(56)	(4,135)
Depreciation charge	(827)	(14)	(23)	(10)	(874)
Currency translation differences	—	(3)	—	—	(3)
Closing balance	(4,708)	(137)	(101)	(66)	(5,012)
Net book amount					
As at 31 December 2020	46,300	1,147	231	30	47,708
As at 31 May 2021	54,772	1,162	211	20	56,165

Five months ended 31 May 2022	**Vessels**	**Buildings**	**Transportation equipment**	**Office equipment and other equipment**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost					
Opening balance	59,480	1,297	371	87	61,235
Additions	49,000	—	39	—	49,039
Disposal	(11,440)	—	—	—	(11,440)
Currency translation differences	—	(56)	(10)	—	(66)
Closing balance	97,040	1,241	400	87	98,768
Accumulated depreciation					
Opening balance	(6,021)	(157)	(129)	(80)	(6,387)
Depreciation charge	(1,647)	(14)	(29)	(4)	(1,694)
Disposal	1,143	—	—	—	1,143
Currency translation differences	—	4	3	—	7
Closing balance	(6,525)	(167)	(155)	(84)	(6,931)
Net book amount					
As at 31 December 2021	53,459	1,140	242	7	54,848
As at 31 May 2022	90,515	1,074	245	3	91,837

Depreciation expenses have been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December			**Five months ended 31 May**	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Cost of sales	1,647	2,595	2,168	841	1,647
Selling, general and administrative expenses	66	80	93	33	47
	1,713	2,675	2,261	874	1,694

As at 31 December 2019, 2020 and 2021 and 31 May 2022, property, plant and equipment with the carrying amounts of US$49,640,000, US$45,992,000, US$53,461,000 and US$91,507,000 respectively were pledged to secure borrowings (Note 23).

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group is a lessee. The balance sheet shows the following amounts relating to leases:

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*
Right-of-use assets				
Vessels	46,564	32,878	91,500	105,074
Building	900	505	432	1,112
	47,464	33,383	91,932	106,186
Lease liabilities				
Current	9,880	9,385	21,073	24,053
Non-current	32,490	23,121	65,586	76,187
	42,370	32,506	86,659	100,240

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Right-of-use assets					
Cost					
Opening balance	6,084	54,583	50,162	50,162	111,698
Additions *(note (i))*	48,499	54	85,726	13,815	24,368
Expiration of lease	—	—	(4,488)	—	(1,160)
Disposals/written off *(note (ii))*	—	(4,475)	—	—	—
Change of lease term *(note (iii))*	—	—	(19,702)	—	—
Closing balance	54,583	50,162	111,698	63,977	134,906
Accumulated depreciation					
Opening balance	—	(7,119)	(16,779)	(16,779)	(19,766)
Depreciation charge	(7,119)	(12,079)	(14,998)	(4,139)	(10,114)
Expiration of lease	—	—	4,488	—	1,160
Disposals/written off *(note (ii))*	—	2,419	—	—	—
Change of lease term *(note (iii))*	—	—	7,523	—	—
Closing balance	(7,119)	(16,779)	(19,766)	(20,918)	(28,720)
Net book amount	47,464	33,383	91,932	43,059	106,186

(i) Additions to the right-of-use assets were mainly attributable to the new lease agreements entered into for vessels.

(ii) Disposals/written off were mainly caused by disposal of one leased-in vessel, which was leased out and met the criteria of a finance lease in 2020.

(iii) Change of lease term were mainly caused by two vessels which would be terminated within one year, please refer to Note 15 for details.

(iv) The statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				unaudited	
Depreciation charge of right-of-use assets					
Vessels	6,826	11,631	14,648	3,982	9,927
Buildings	293	448	350	157	187
	7,119	12,079	14,998	4,139	10,114
Interest expense (included in finance cost)	1,127	1,664	1,517	581	835
Expense relating to short-term leases (included in cost of sales and administrative expenses)	53,339	60,827	176,707	59,129	70,941

The total cash outflow for leases for the years ended 31 December 2019, 2020 and 2021 and five months ended 31 May 2021 and 2022 was US$67,882,000, US$68,528,000, US$204,456,000, US$61,642,000 and US$80,488,000 respectively.

(v) The guarantors for certain lease liabilities were as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Guarantor:				
Seacon Shipping Group**	40,324	32,010	31,345	29,612
Sunny Star Shipping Ltd./ Seacon Marine (SG)**/ Mr. Guo/Mr. Chen	—	—	45,670	—
The Company	—	—	—	519
The Company/Mr. Guo/ Mr. Chen	—	—	—	58,183
Seacon Ships Qingdao**/ The Company	—	—	—	6,929
	40,324	32,010	77,015	95,243

** These companies are the subsidiaries of the Group, except that Seacon Shipping Group was retained in Seacon Group on 31 December 2021 and became a related party of the Group since then. The rest of guarantors are all related parties. Management will change those related party guarantors to the Company or replace the relevant guarantors before the [REDACTED].

(vi) The Group's leasing activities and how these are accounted for

The Group leases in various vessels and certain offices. Rental contracts are typically made for fixed periods of one year to ten years but may have extension options and purchase options as described in (viii) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(vii) Variable lease payments

Certain vessel leases contain variable payment terms that are linked to the market price of the vessel when the leases are terminated. Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(viii) Extension and purchase options

Extension and purchase options are included in a number of vessels leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and purchase options held are exercisable only by the Group and not by the respective lessor.

14 INTERESTS IN ASSOCIATES AND JOINT VENTURES

Set out below are the joint ventures and associates of the Group as at 31 December 2019, 2020 and 2021 and 31 May 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held indirectly by the Company. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of Incorporation/ establishment and operations	Principal activities	% of ownership interest				Nature of relationship	Measurement method	Carrying amount				Note
			31 December 2019	31 December 2020	31 December 2021	31 May 2022			31 December 2019	31 December 2020	31 December 2021	31 May 2022	
									US$'000	*US$'000*	*US$'000*	*US$'000*	
Msm Ship Management Pte. Ltd.	Singapore	Ship management	50%	50%	50%	50%	Joint venture	Equity method	—*	35	48	131	(1)
Hongkong Xinyihai 55 Co., Limited	Hong Kong	Vessel holding and chartering services	35%	35%	35%	35%	Associate	Equity method	346	69	1,172	1,720	(2)
Seacon 6 Limited ("Seacon 6")	Hong Kong	Vessel holding and chartering services	N/A	N/A	49.5%	49.5%	Associate	Equity method	N/A	N/A	732	2,613	(3)
Seacon 7 Limited ("Seacon 7")	Hong Kong	Vessel holding and chartering services	N/A	N/A	49.5%	49.5%	Associate	Equity method	N/A	N/A	242	659	(3)
Seacon 8 Limited ("Seacon 8")	Hong Kong	Vessel holding and chartering services	N/A	N/A	49.5%	49.5%	Associate	Equity method	N/A	N/A	1,308	1,791	(3)
Seacon 9 Limited ("Seacon 9")	Hong Kong	Vessel holding and chartering services	N/A	N/A	49.5%	49.5%	Associate	Equity method	N/A	N/A	1,731	2,885	(3)
Seacon Tankers	Singapore	Ship management	49%	N/A	N/A	N/A	Associate	Equity method	—*	N/A	N/A	N/A	(4)
									346	104	5,233	9,799	

(1) Msm Ship Management Ltd (ultimately controlled by Mr. Guo) and Ocean Wealth Enterprise Pte. Ltd. jointly established Msm Ship Management Pte. Ltd. in September 2019 and held its 50% equity interest respectively. As Msm Ship Management Pte. Ltd. was engaging in the [REDACTED] business, pursuant to the Reorganisation, it was treated as a joint venture of the Group.

(2) Seacon Shipping Group and a third party Hongkong Zhoushan Yihai Shipping Co., Limited jointly established Hongkong Xinyihai 55 Co., Limited in April 2018 and held its 35% and 65% equity interests respectively. As Hongkong Xinyihai 55 Co., Limited was engaging in the [REDACTED] business, pursuant to the Reorganisation, it was accounted for as an associate of the Group.

(3) Seacon Star Group Ltd (ultimately controlled by Mr. Guo) acquired the 100% equity interests in Hongkong Zengzhou Co., Limited ("Hongkong Zengzhou", which is a holding company) with a consideration of US$2,300,000 in July 2021. Hongkong Zengzhou held 49.5% equity interests in Seacon 6, Seacon 7, Seacon 8 and Seacon 9 respectively. Pursuant to the Reorganisation, Seacon 6, Seacon 7, Seacon 8 and Seacon 9 were treated as the associates of the Group, thus the consideration of US$2,300,000 paid by Seacon Star Group Ltd was accounted for as a deemed contribution by shareholders to the Group. The Group received a dividend of US$1,485,000 from Seacon 6 in 2021.

(4) As mentioned in Note 1.2(v)(c), Seacon Tankers became a wholly owned subsidiary in 2020.

The above associates and joint ventures are all private entities with no quoted price available. There are no commitments or contingent liabilities in respect of associates and joint ventures.

The Company had no directly owned associates or joint ventures as at 31 December 2019, 2020, 2021 and 31 May 2022.

There is no associate or joint venture that is individually material to the Group as at 31 December 2019, 2020 and 2021 and 31 May 2022. The financial information below, after making necessary adjustments to conform to the Group's significant accounting policies, represents the Group's respective interests in the associates and joint ventures:

	Year ended 31 December			**Five months ended 31 May**	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Aggregate carrying amount of individually immaterial associates and joint ventures	346	104	5,233	676	9,799
Aggregate amounts of the Group's share of:					
Net profit	253	(242)	4,314	572	4,566
Other comprehensive income	—	—	—	—	—
Total comprehensive income	253	(242)	4,314	572	4,566
Dividend received	—	—	(1,485)	—	—

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			**As at 31 May**
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Identified Financial Assets	1,997	2,365	3,285	1,662
Less: current portion	—	—	(3,285)	(1,662)
	1,997	2,365	—	—

In 2019, the Group entered into lease agreements for two vessels under bare-boat charter arrangement with a third party leasing company ("Leasing Company A"). According to the lease agreements, the Group paid US$1,000,000 for each vessel to Leasing Company A upfront. During or at the end of the charter period, if Leasing Company A sells the vessel to any third party and the net sale proceeds exceeds its net book value, Leasing Company A shall pay 10% of disposal gain and return US$1,000,000 to the Group for each vessel. However, if the net sale proceeds are less than its net book value, the Group should share the disposal loss under the cap of US$1,000,000 for each vessel. The Group treated this arrangement including both the right of gain/loss sharing from vessel disposal and the right to receive the returning deposit as financial assets at fair value through profit or loss ("Identified Financial Assets"). In September 2021, the Group received the termination notice from Leasing Company A that the two vessels are to be sold in 2022. Consequently, the Group reclassified the Identified Financial Assets as current assets as at 31 December 2021, and accounted for the change of lease term as a deduction of right-of-use assets in 2021. In May 2022, one of the vessels was sold by Leasing Company A.

16 OTHER NON-CURRENT ASSETS

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Loans to third parties *(note (a))*	21,555	18,280	—	—
Less: current portion	(3,275)	(3,937)	—	—
	18,280	14,343	—	—
Provision for impairment	(108)	(156)	—	—
Less: current portion	17	34	—	—
	(91)	(122)	—	—
Loans to third parties — net	18,189	14,221	—	—
Prepayment for dry-docking and equipment purchased	1,430	1,631	2,288	1,315
Prepayment for vessels purchased *(note (b))*	400	1,583	10,030	20,041
Prepayment for right-of-use assets	—	—	1,140	—
Deposits and guarantees	—	—	—	1,000
Others	48	31	117	137
	20,067	17,466	13,575	22,493

(a) Loans to third parties represented the loans receivable from a third party company ("Company A"), a third party individual ("Individual B") and another third party company ("Company B").

In 2018, the Group entered into a tripartite cooperation agreement with Company A and Individual B whereby Company A transferred to the Group its legal title over two vessels, and Individual B transferred to the Group its legal title over one vessel without any consideration. Such vessels were subsequently transferred to a third party leasing company ("Leasing Company B") to obtain financing of US$27,000,000 by way of sale and leaseback arrangement. The term of the loans are all 8 years and the interest rate is the aggregate of margin (4.1%) and London Interbank Offered Rate ("LIBOR"). Except the pledge of the related vessels, Mr. Guo and Mr. Chen also provided personal guarantee. Among the loans obtained, US$18,000,000 was allocated to Company A in 2018, US$3,600,000 and US$1,800,000 were allocated to Individual B in 2018 and 2019, respectively, with the same term and interest rate.

The loans to Company A and Individual B and the loans from Leasing Company B have been settled in October 2021.

In 2017, the Group entered into a sale and lease back arrangement of one vessel with a third party leasing company ("Leasing Company C") to obtain loans of US$5,370,000, while Company B provided mortgage guarantee using its two vessels. The term of the loan is 8 years and the interest rate is the aggregate of margin (4.8%) and three months LIBOR. Except the pledge of the related 3 vessels, Seacon Shipping Group also provided guarantee. The Group allocated loans amounted to US$2,000,000 to Company B with the same term and interest rate. Subsequently, Company B repaid its principals and interest to the Group. The loans to Company B and the loans from Leasing Company C have been settled in January 2021.

(b) The Group entered into two, two, two vessels purchase contracts in 2019, 2020 and 2021 respectively, the expected delivery date of 5 vessels will be in 2023 and 1 vessel will be in 2024. The Group prepaid for vessels purchased according to the payment schedule of the purchase contracts.

17 INVENTORIES

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Lubricating oil and spare parts	1,192	627	715	1,411
Fuels	3,703	5,075	3,936	11,638
	4,895	5,702	4,651	13,049
Less: provision for impairment	—	—	—	—
	4,895	5,702	4,651	13,049

The cost of inventories recognised as cost of sales amounted to approximately US$18,625,000, US$33,268,000, US$42,030,000, US$18,782,000 and US$26,700,000 for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022, respectively.

18 PREPAYMENT AND OTHER CURRENT ASSETS

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Prepayments for:				
— vessels under short term charter basis and office rental	325	2,204	3,943	2,830
— insurance expenses	251	320	426	879
— spare parts purchase	—	15	516	310
— [REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— others	118	413	864	327
	694	2,952	6,134	4,956

19 TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables — ship management business				
— third parties	3,389	3,587	5,486	2,446
— related parties *(Note 30(i))*	74	827	121	451
Less: provision for impairment	(1)	(11)	(17)	(6)
Trade receivables — net	3,462	4,403	5,590	2,891
Trade receivables — shipping business				
— third parties	5,184	11,652	11,363	22,300
— related parties *(Note 30(i))*	—	217	32	—
Less: provision for impairment	(2)	(30)	(25)	(30)
Trade receivables — net	5,182	11,839	11,370	22,270
Other receivables				
— amount due from related parties *(Note 30(i))*	5,518	5,148	3,623	2,344
— deposits to related parties *(Note 30(i))*	—	11	50	—
— amount due from third parties	458	—	—	—
— deposits and guarantees	1,818	2,722	3,496	4,779
— others	1,788	2,955	1,478	4,280
	9,582	10,836	8,647	11,403
Less: provision for impairment of other receivables	(81)	(115)	(65)	(162)
Other receivables — net	9,501	10,721	8,582	11,241
	18,145	26,963	25,542	36,402

(a) Aging analysis of trade receivables of the Group on each balance sheet date, based on the invoice date, was as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables — ship management business				
Within 3 months	2,883	3,498	2,942	2,744
3–6 months	395	431	347	140
6–12 months	185	476	853	13
1–2 years	—	9	1,465	—
	3,463	4,414	5,607	2,897
Less: provision for impairment	(1)	(11)	(17)	(6)
	3,462	4,403	5,590	2,891

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables — shipping business				
Within 3 months	5,184	11,645	10,662	21,627
3–6 months	—	68	711	579
6–12 months	—	134	—	72
1–2 years	—	22	—	—
2–3 years	—	—	22	22
	5,184	11,869	11,395	22,300
Less: provision for impairment	(2)	(30)	(25)	(30)
	5,182	11,839	11,370	22,270

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. Note 3.1 provides for details about the calculation of the allowance.

Information about the impairment of trade receivables and the Group exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

Movements in allowance for impairment of trade receivables is as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				unaudited	
Trade receivables — ship management business					
At beginning of the year/period	—	(1)	(11)	(11)	(17)
Provision	(1)	(10)	(16)	(5)	(5)
Reversal	—	—	10	—	16
At the end of the year/period	(1)	(11)	(17)	(16)	(6)

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				unaudited	
Trade receivables — shipping business					
At beginning of the year/period	(1)	(2)	(30)	(30)	(25)
Provision	(1)	(28)	—	(69)	(5)
Reversal	—	—	5	—	—
At the end of the year/period	(2)	(30)	(25)	(99)	(30)

The carrying amounts of trade receivables are denominated in the following currencies:

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*
US$	7,968	14,828	16,012	24,433
RMB	676	1,414	948	728
	8,644	16,242	16,960	25,161

All carrying amounts of trade receivables approximate their fair values.

(b) Aging analysis of other receivables of the Group on each balance sheet date was as follows:

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year	9,083	8,805	8,092	11,162
1-2 years	87	2,030	495	52
2-3 years	412	1	60	150
Over 3 years	—	—	—	39
	9,582	10,836	8,647	11,403

Movement of provision for impairment of other receivables was as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				unaudited	
At beginning of the year/period	(198)	(81)	(115)	(115)	(65)
Provision	—	(34)	—	(24)	(97)
Reversal	117	—	50	—	—
At the end of the year/period	(81)	(115)	(65)	(139)	(162)

The carrying amounts of other receivables were denominated in the following currencies:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
US$	8,315	8,157	6,985	9,752
RMB	929	2,478	1,033	1,439
SG$	235	54	242	50
JPY	22	32	311	—
EUR	—	—	11	—
	9,501	10,721	8,582	11,241

All other receivables' carrying amounts approximate their fair values.

20 CASH AND BANK BALANCES

(a) Restricted bank deposits

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Restricted bank deposits — current				
— Security deposits for letter of guarantee	—	72	31	64

(b) Cash and cash equivalents

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash in hand	44	59	62	24
Cash at banks	1,899	4,361	24,968	19,656
	1,943	4,420	25,030	19,680

(c) Cash in hand and at banks (including restricted bank deposits of the Group) are denominated in the following currencies:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
US$	1,533	2,599	22,850	18,958
SG$	191	453	260	199
RMB	130	1,037	1,243	359
JPY	81	403	708	195
HK$	8	—	—	33
	1,943	4,492	25,061	19,744

The conversion of RMB-denominated deposits into foreign currencies and remittance out of the PRC are subject to certain PRC rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 December 2019, 2020 and 2021 and 31 May 2022, the RMB held by the PRC subsidiaries amounted to US$127,000, US$959,000, US$1,177,000 and US$266,000 respectively.

The carrying amount of cash in hand and at banks approximates their fair value.

21 ASSETS CLASSIFIED AS HELD FOR SALE

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Vessels	—	7,318	—	—

In December 2020, upon the approval from the Directors, the Group entered into two agreements with third parties to sell two vessels. The sales were completed in 2021. The assets are presented within total assets of the shipping business segment in Note 5.

Vessels classified as held for sale during the Track Record Period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write-down of US$1,244,000 as other losses, net in the consolidated statements of comprehensive income. The fair value of the vessels was based upon the sales value as agreed in the sales contracts.

22 RESERVES

The Group

	Reserves	Statutory reserve	Share-based compensation	Exchange differences on translation of foreign operations	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2019 *(note (a))*	(1,174)	—	—	7	(1,167)
Exchange differences on translation of foreign operations	—	—	—	4	4
Balance at 31 December 2019	(1,174)	—	—	11	(1,163)

	Reserves	Statutory reserve	Share-based compensation	Exchange differences on translation of foreign operations	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2020	(1,174)	—	—	11	(1,163)
Exchange differences on translation of foreign operations	—	—	—	14	14
Contribution by shareholders *(note (a))*	915	—	—	—	915
Transaction with non-controlling interests *(note (b))*	(266)	—	—	—	(266)
Balance at 31 December 2020	(525)	—	—	25	(500)

	Reserves	Statutory reserve	Share-based compensation	Exchange differences on translation of foreign operations	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2021	(525)	—	—	25	(500)
Exchange differences on translation of foreign operations	—	—	—	5	5
Profit appropriation to statutory reserves	—	17	—	—	17
Deemed contribution — Seacon Shipping Group *(note (c))*	1,370	—	—	—	1,370
Deemed contribution — Seacon 6, Seacon 7, Seacon 8, Seacon 9 *(note (d))*	2,300	—	—	—	2,300
Transaction with non-controlling interests *(note (e))*	12	—	—	—	12
Employee share schemes — value of employee services *(note (f))*	—	—	5,635	—	5,635
Balance at 31 December 2021	3,157	17	5,635	30	8,839

	Reserves	Statutory reserve	Share-based compensation	Exchange differences on translation of foreign operations	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Unaudited					
Balance at 1 January 2021	(525)	—	—	25	(500)
Exchange differences on translation of foreign operations	—	—	—	5	5
Balance at 31 May 2021	(525)	—	—	30	(495)

	Reserves	Statutory reserve	Share-based compensation	Exchange differences on translation of foreign operations	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2022	3,157	17	5,635	30	8,839
Exchange differences on translation of foreign operations	—	—	—	(43)	(43)
Debt waive from shareholders of the Company *(note (g))*	914	—	—	—	914
Merger reserves arising from the re-organisation *(note (h))*	(53)	—	—	—	(53)
Capital injection	10	—	—	—	10
Balance at 31 May 2022	4,028	17	5,635	(13)	9,667

The Company

	Reserves	Statutory reserve	Share-based compensation	Exchange differences on translation of foreign operations	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance upon incorporation	—	—	—	—	—
Employee share schemes — value of employee services *(note (f))*	—	—	5,635	—	5,635
Balance at 31 December 2021	—	—	5,635	—	5,635

	Reserves	Statutory reserve	Share-based compensation	Exchange differences on translation of foreign operations	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2022	—	—	5,635	—	5,635
Merger reserves arising from the re-organisation *(note (i))*	65,144	—	—	—	65,144
Balance at 31 May 2022	65,144	—	5,635	—	70,779

(a) As part of the Reorganisation mentioned in Note 1.2, Shandong Seacon Crew Manning Co., Limited ("Shandong Crew Manning") was engaged in the Non-[REDACTED] Businesses. In accordance with the basis of presentation as set out in Note 1.3, the financial results and positions of the Non-[REDACTED] Businesses have not been included in this Historical Financial Information. Accordingly, the investment in Shandong Crew Manning held by Seacon Ships Qingdao has been excluded from this Historical Financial Information and been accounted for as deemed distribution at the beginning of the earliest period presented, and the cash received by Seacon Ships Qingdao amounted to US$915,000 from disposal of Shandong Crew Manning in 2020 has been treated as contribution by shareholders. On 25 April 2022, Shandong Crew Manning renamed to Qingdao Sinostar Crew Manning Co., Limited.

(b) As mentioned in Note 1.2(v), on 30 June 2020, 48% shareholding interests of Star Wealth Ltd was transferred to Seacon Star Group Ltd with nil consideration and it is treated as a transaction with non-controlling interests. 48% of the net liabilities of Star Wealth Ltd was recognised as deemed distribution to non-controlling interests.

(c) As mentioned in Note 1.2(v), Seacon Shipping Group was retained in Seacon Group, the net liabilities of Seacon Shipping Group are treated as a deem contribution of the shareholders on 31 December 2021.

(d) As mentioned in Note 14, Seacon 6, Seacon 7, Seacon 8 and Seacon 9 were treated as the associates of the Group, thus the consideration of US$2,300,000 paid by Seacon Star Group Ltd were accounted for as a deemed contribution by shareholders to the Group.

(e) As mentioned in Note 1.2(v), Mr. Shi acquired 3% of equity interests in Seacon Ships Qingdao from Mr. Chen on 6 December 2021, as the consideration were paid to Mr. Chen, 3% of the net liabilities of Seacon Ships Qingdao was treated as deemed distribution to non-controlling interests and recognised in reserves.

(f) As mentioned in Note 1.2(i), in November 2021, Mr. Guo transferred 2% and 1% shareholding of the Company to Mr. Zhao and Mr. He respectively. There is no any consideration or any service restriction, which led to share-based compensation. The fair value of the services received in exchange for the grant of the shares amounted to US$5,635,000 is recognised as expense and reserves.

(g) Star Wealth Ltd was dissolved on 6 January 2022, the debt of Star Wealth Ltd was waived from shareholders of the Company and treated as reserves.

(h) As mentioned in Note 1.2(v), in February 2022, 97% shareholding interests amounted to US$784,000 of Seacon Ships Qingdao was transferred to Seacon Ships Shanghai with the consideration of US$837,000, the excess portion amounted to US$53,000 was treated as merger reserves arising from the re-organisation.

(i) Merger reserves arising from the re-organisation of the Company represent the net asset value of the subsidiaries comprising the Group acquired by the Company in excess of the nominal value of the Company's shares issued for the interests of the subsidiaries pursuant to the re-organisation.

23 BORROWINGS

	As at 31 December			**As at 31 May**
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current				
Long-term borrowings				
— secured *(note (a))*	58,762	49,717	32,584	76,052
— unsecured	—	291	261	165
	58,762	50,008	32,845	76,217
Less: borrowings due within one year				
— secured	(10,830)	(12,289)	(5,295)	(9,817)
— unsecured	—	—	(74)	(24)
	47,932	37,719	27,476	66,376

(a) The guarantors and the pledge for each secured borrowing were as follows:

		As at 31 December			As at
		2019	**2020**	**2021**	**31 May 2022**
		US$'000	*US$'000*	*US$'000*	*US$'000*
Guarantor:	**Pledge:**				
Seacon Shipping Group**	Vessels	18,745	17,628	16,442	—
Seacon Shipping Group**/ Mr. Guo/Mr. Chen/ Individual C/Individual D	Vessels	6,567	4,951	1,607	—
Mr. Guo/Mr. Chen		2,439	1,985	—	—
Golden Tulip Ltd/Glory Hangzhou Ltd/Seacon Ships Management (HK)**/Qingdao Wantong Shipping Co., Ltd./Mr. Guo/Mr. Chen/Individual C/ Individual D/Individual A/ Individual E	Vessels	3,472	1,103	—	—
Seacon Shipping Group**/ Mr. Guo/Mr. Chen	Vessels	26,747	22,498	—	—
Seacon Shipping Group**/ Sunny Star Shipping Ltd./Seacon Marine (SG)**/Mr. Guo/Mr. Chen	Vessels	—	—	4,708	—
Seacon Kobe**	Vessels	—	—	2,633	2,340
Seacon Osaka**	Vessels	—	—	3,060	2,700
Seacon Victory**	Vessels	—	—	2,462	2,173
Mr. Guo, Mr. Wang Guangfu	N/A	—	674	518	451
Mr. Guo	N/A	—	—	596	—
Individual F	N/A	—	145	520	506
Mr. Guo	Buildings owned by Mr. Guo	717	675	—	—
N/A	Car	75	58	38	—
The Company	Vessels	—	—	—	43,135
The Company/Mr. Guo/ Mr. Chen	Vessels	—	—	—	4,546
The Company/Seacon Shipping	Vessels	—	—	—	19,630
N/A	Buildings	—	—	—	571
		58,762	49,717	32,584	76,052

** These companies are the subsidiaries of the Group, except that Seacon Shipping Group was retained in Seacon Group on 31 December 2021 and became a related party of the Group since then. The rest of guarantors are all related parties. Management will change those related party guarantors to the Company or replace the relevant guarantors before the [REDACTED].

(b) The Group's borrowings were repayable as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year	10,830	12,289	5,369	9,841
1–2 years	8,538	7,841	5,071	8,544
2–5 years	14,878	11,779	12,604	23,908
Over 5 years	24,516	18,099	9,801	33,924
	58,762	50,008	32,845	76,217

(c) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year	58,705	49,019	27,556	71,443
1–2 years	19	184	1,334	1,131
2–5 years	38	538	3,750	3,484
Over 5 years	—	267	205	159
	58,762	50,008	32,845	76,217

(d) The carrying amount of borrowings are not materially different from their fair value as at each balance date.

(e) The Group was required to maintain cash on deposit in respect of certain borrowings under sales and lease back arrangement. The cash cannot be withdrawn or used by the Group for liquidity purposes whilst the borrowing is outstanding. Upon maturity of the borrowing, the Group and the lender intend to net settle. As a result, the Group's borrowings have been presented net of the cash on deposit, as the requirements under HKFRS to offset have been met. The offsetting amounts were US$600,000 and US$809,000 as at 31 December 2019 and 31 May 2022, respectively, and there was no offsetting of assets and liabilities as at 31 December 2020 and 2021.

(f) The Group's borrowings are denominated in the following currencies:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
US$	57,970	48,020	30,912	74,524
RMB	717	674	596	571
JPY	—	582	781	671
SG$	75	732	556	451
	58,762	50,008	32,845	76,217

(g) The average rates of the Group's borrowings for the respective years/period are summarised as below:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
Borrowings	7.98%	6.08%	4.60%	1.48%

24 ADVANCES AND CONTRACT LIABILITIES

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Contract liabilities — ship management business	201	292	464	938
Advances and contract liabilities — shipping business	1,415	4,259	3,984	4,279
	1,616	4,551	4,448	5,217

Advances and contract liabilities balance amounted to US$1,616,000, US$4,551,000, US$4,448,000 and US$5,217,000 as at 31 December 2019, 2020 and 2021 and 31 May 2022 has been or will be recognised as revenue in the year ended 31 December 2020, 2021 and 2022, respectively.

25 TRADE AND OTHER PAYABLES

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payables *(note (a))*				
— third parties	11,227	17,984	15,712	23,181
— related parties *(Note 30(i))*	1,295	4,511	4,137	3,078
	12,522	22,495	19,849	26,259
Other payables *(note (c))*				
— amount due to related parties *(Note 30(i))*	34,971	33,946	26,850	8,033
— deposits from related parties *(Note 30(i))*	8	60	154	156
— amount due to third parties	—	472	—	—
— deposits and guarantees	882	1,598	2,025	1,616
— salaries and staff welfare payable	1,155	664	2,524	546
— provisions for legal proceeding	—	—	784	1,430
— [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— others	142	111	126	160
	37,158	36,851	33,398	12,261
	49,680	59,346	53,247	38,520

(a) Aging analysis of trade payable of the Group on each balance sheet date, based on the invoice date, was as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Less than 1 year	12,499	22,245	19,670	26,134
1–2 years	23	250	176	104
2–3 years	—	—	3	21
	12,522	22,495	19,849	26,259

(b) The carrying amounts of trade payables of the Group are denominated in the following currencies:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
US$	10,699	20,185	18,979	25,835
RMB	1,819	2,273	774	355
Others	4	37	96	69
	12,522	22,495	19,849	26,259

(c) Aging analysis of other payables of the Group on each balance sheet date was as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Less than 1 year	37,127	36,055	32,452	11,797
1–2 years	31	796	946	464
	37,158	36,851	33,398	12,261

(d) The carrying amounts of other payables of the Group are denominated in the following currencies:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
US$	33,697	31,258	27,967	9,655
RMB	3,391	5,553	3,949	2,599
Others	70	40	1,482	7
	37,158	36,851	33,398	12,261

(e) The carrying amounts of trade and other payables of the Group approximate their fair values.

26 DIVIDEND

Seacon Enterprise, a non-wholly owned subsidiary which the Group has 60% shareholding interests, declared cash dividend of US$100,000, US$300,000, US$8,000,000, nil and nil respectively for the year ended 31 December 2019, 2020 and 2021 and five months ended 31 May 2021 and 2022, and paid cash dividend of US$40,000, US$120,000, US$3,200,000, nil and nil respectively to its non-controlling interests for the corresponding periods.

No dividends have been declared or paid by the Company in respect of the Track Record Period.

27 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash flows generated from operations:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Profit before income tax	8,923	1,394	41,186	10,742	34,146
Adjustments for:					
— Net impairment losses on financial assets	(106)	120	(205)	55	91
— Depreciation and amortisation *(Note 7)*	8,927	15,412	18,264	5,338	12,368
— Gains on disposal of property, plant and equipment	(65)	—	(3)	—	(5,683)
— Provision of held-for-sale assets	—	1,244	—	—	—
— Gains from finance leasing	—	(76)	—	—	—
— Share of profit/(loss) of associates and joint ventures	(253)	242	(4,314)	(572)	(4,566)
— Finance costs *(Note 9)*	2,777	3,913	3,451	1,277	2,389
— Share-based compensation	—	—	5,635	—	—
— Fair value loss/(gain) of financial assets at fair value through profit or loss	3	(368)	(920)	(67)	(383)
— [REDACTED] fees	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changes in working capital:					
— (Increase)/decrease on restricted cash	—	(72)	41	(1)	(33)
— Inventories	(2,489)	(807)	1,051	(1,701)	(8,398)
— Trade and other receivables	(8,431)	(13,620)	(27,166)	(2,578)	(7,725)
— Advances and contract liabilities	198	(2,935)	103	985	(769)
— Trade and other payables	73	20,023	51,148	4,240	5,360
Cash generated from operations	9,557	24,470	88,271	17,718	28,255

(b) Proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Net book amount of property, plant and equipment disposal *(Note 12)*	5,789	—	25	—	10,297
Net book amount of assets classified as held for sale *(Note 21)*	—	—	7,318	7,318	—
Net gains on disposal of property, plant and equipment *(Note 6)*	65	—	3	—	5,683
Proceeds from disposal of property, plant and equipment	5,854	—	7,346	7,318	15,980

(c) Summary of net debt

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash and cash equivalents	1,943	4,420	25,030	19,680
Borrowings — repayable within 1 year	(10,830)	(12,289)	(5,369)	(9,841)
Borrowings — repayable after 1 year	(47,932)	(37,719)	(27,476)	(66,376)
Lease liabilities — repayable within 1 year	(9,880)	(9,385)	(21,073)	(24,053)
Lease liabilities — repayable after 1 year	(32,490)	(23,121)	(65,586)	(76,187)
Amount due to related parties	(34,971)	(33,946)	(26,850)	(8,033)
Amount due to third parties	—	(472)	—	—
Net debt	(134,160)	(112,512)	(121,324)	(164,810)
Cash and cash equivalents	1,943	4,420	25,030	19,680
Gross debt — interest free	(34,971)	(34,418)	(26,850)	(8,033)
Gross debt — fixed interest rates	(42,445)	(33,675)	(93,254)	(106,382)
Gross debt — floating interest rates	(58,687)	(48,839)	(26,250)	(70,075)
Net debt	(134,160)	(112,512)	(121,324)	(164,810)

(d) Reconciliation of liabilities arising from financing activities

	Borrowings	Lease liabilities	Amount due to related parties	Amount due to third parties	Total
As at 1 January 2019	(33,420)	(6,084)	(28,918)	—	(68,422)
Lease liabilities recognised	—	(48,499)	—	—	(48,499)
Cash flows	(512)	12,213	(4,669)	—	7,032
Non-cash transaction	(24,830)	—	(1,384)	—	(26,214)
Interest charged	(1,650)	(1,127)	—	—	(2,777)
Interest paid	1,650	1,127	—	—	2,777
As at 31 December 2019	(58,762)	(42,370)	(34,971)	—	(136,103)
As at 1 January 2020	(58,762)	(42,370)	(34,971)	—	(136,103)
Lease liabilities recognised	—	(54)	—	—	(54)
Cash flows	6,504	9,918	4,990	(515)	20,897
Non-cash transaction	2,250	—	(3,965)	43	(1,672)
Interest charged	(2,249)	(1,664)	—	—	(3,913)
Interest paid	2,249	1,664	—	—	3,913
As at 31 December 2020	(50,008)	(32,506)	(33,946)	(472)	(116,932)

	Borrowings	Lease liabilities	Amount due to related parties	Amount due to third parties	Total
As at 1 January 2021	(50,008)	(32,506)	(33,946)	(472)	(116,932)
Lease liabilities recognised	—	(85,726)	—	—	(85,726)
Change of lease term	—	12,179	—	—	12,179
Cash flows	3,944	20,942	27,487	(713)	51,660
Non-cash transaction	13,219	—	1,104	827	15,150
Effect of Seacon Shipping Group	—	(1,548)	(21,495)	358	(22,685)
Interest charged	(1,934)	(1,517)	—	—	(3,451)
Interest paid	1,934	1,517	—	—	3,451
As at 31 December 2021	(32,845)	(86,659)	(26,850)	—	(146,354)

	Borrowings	Lease liabilities	Amount due to related parties	Amount due to third parties	Total
Unaudited					
As at 1 January 2021	(50,008)	(32,506)	(33,946)	(472)	(116,932)
Lease liabilities recognised	—	(13,815)	—	—	(13,815)
Cash flows	(3,380)	5,648	6,139	115	8,522
Non-cash transaction	845	—	(3,250)	—	(2,405)
Interest charged	(696)	(581)	—	—	(1,277)
Interest paid	696	581	—	—	1,277
As at 31 May 2021	(52,543)	(40,673)	(31,057)	(357)	(124,630)

	Borrowings	Lease liabilities	Amount due to related parties	Amount due to third parties	Total
As at 1 January 2022	(32,845)	(86,659)	(26,850)	—	(146,354)
Lease liabilities recognised	—	(24,368)	—	—	(24,368)
Cash flows	(1,506)	9,648	17,564	—	25,706
Non-cash transaction	(41,250)	1,139	1,253	—	(38,858)
Interest charged	(1,554)	(835)	—	—	(2,389)
Interest paid	938	835	—	—	1,773
As at 31 May 2022	(76,217)	(100,240)	(8,033)	—	(184,490)

(e) Major non-cash transactions:

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Cash flows from investing activities					
Vessel purchase payment offset by advances to a third party	3,765	—	—	—	—
Vessel purchase payment offset by borrowings from leasing companies *(note (i))*	27,080	—	—	—	41,250
Borrowings repayment offset by loans receivable from Company A *(note (ii))*	2,250	2,250	13,219	845	—
Cash flows from financing activities					
Vessel purchase payment offset by borrowings from leasing companies *(note (i))*	27,080	—	—	—	41,250
Borrowings repayment offset by loans receivable from Company A *(note (ii))*	2,250	2,250	13,219	845	—

(i) The Group purchased vessels from third party sellers in 2019 and 2022, and then got borrowings from leasing companies under sales and lease back arrangements. The leasing companies paid directly to the sellers on behalf of the Group.

(ii) As mentioned in Note 16, the loans related to two vessels of Company A was repaid directly by Company A to Leasing Company B.

(iii) For non-cash transactions with related parties paid/received on behalf between the Group and related parties, see note 30(d)(e).

(f) During the Track Record Period, the Group's cash inflows and outflows with certain related parties of which turnover is quick, amounts are large and maturities are short, are net presented on the consolidated statements of cash flows.

28 CONTINGENCIES

As mentioned in Note 6, there is a one on-going legal proceedings in connection with a dispute over a bareboat charter contract, management made a provision of US$803,000 in 2021 based on the estimated compensation amount.

The Group chartered one vessel recognised as right-of-use assets out to one customer ("Claimant A") under time charter arrangement with a maximum period of approximate 11 months. A dispute arose from the redelivery date of the vessel in 2021. The Claimant A initiated the arbitration proceeding against the Group and claimed for various damages of approximately US$1,013,000 in February 2022. Based on the legal counsel's opinion that the Group had a good chance of success to defend the claim, and the maximum risk exposure was US$384,000. Based on the legal counsel's opinion, the management made a provision of US$384,000 in the five months ended 31 May 2022 based on the estimated compensation amount.

The Group chartered one vessel from one supplier ("Claimant B"), and then chartered out to one customer ("Sub-charterer"). A dispute arose from the readiness of the holds of this vessel on arrival in 2021. In February 2022, Claimant B claimed reimbursement of US$296,000 against the Group for the entire off-hire deduction plus cleaning expenses, while the Group claimed reimbursement of US$403,000 against the Sub-charterer in March 2022. Based on the legal counsel's opinion, the management made a provision of US$296,000 in the five months ended 31 May 2022 based on the estimated compensation amount. However, the contingent assets was not recognised regarding to the claimed reimbursement against the Sub-charterer.

29 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for by the Group at the balance sheet date but not yet incurred is as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Property, plant and equipment	57,000	107,118	216,386	159,208

The Group entered into two, two, two vessels purchase contracts in 2019, 2020 and 2021 respectively, the expected delivery date of five vessels will be in 2023 and one vessel will be in 2024.

The Group also entered into two vessels purchase contracts in 2021, which have been delivered to the Group in January 2022.

(b) Lease commitments

Bare-boat charter contracted for by the Group at the balance sheet date but not yet incurred is as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
— Within 1 year	—	—	3,940	—
— From 1 year to 5 years	—	—	25,774	—
	—	—	29,714	—

The Group entered into 2 bare-boat charter contracts in 2021, which have been delivered to the Group in February and May 2022 respectively.

(c) Non-cancellable operating lease

At 31 December 2019, 2020 and 2021 and 31 May 2022, the Group had future minimum rental receivable under certain non-cancellable leases as follows:

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year	10,395	23,128	27,176	30,847

30 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are under common control or joint control in the controlling shareholders' families. Members of key management and their close family member of the Group are also considered as related parties.

The following is a summary of the significant transactions took place between the Group and its related parties at terms as mutually agreed among the parties concerned during the Tracking Record Period.

(a) Purchases of goods or services

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Seacon Group	12,324	21,397	27,998	12,248	10,743

(b) Provide services

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Joint ventures and associates	848	1,225	4,739	711	1,878
Seacon Group	264	925	114	31	205
Other related parties	—	1,831	—	—	—
	1,112	3,981	4,853	742	2,083

(c) Lease

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Rental income					
Seacon Group	23	37	52	13	—

(d) Advances to related parties

Advances to joint ventures and associates

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Advances to related parties during the year/period					
— Cash	—	8,505	628	19	2,226
— Non cash	—	239	—	—	—
	—	8,744	628	19	2,226
Repayments from related parties during the year/period					
— Cash	(182)	(8,288)	(1,587)	(49)	(245)
— Non cash	—	(106)	—	—	—
	(182)	(8,394)	(1,587)	(49)	(245)

Advances to Seacon Group

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Advances to related parties during the year/ period					
— Cash	4,342	5,463	3,750	1,375	4,503
— Non cash	475	18	244	115	1,133
	4,817	5,481	3,994	1,490	5,636
Repayments from related parties during the year/ period					
— Cash	(1,762)	(5,707)	(2,547)	(702)	(5,467)
— Non cash	(475)	(302)	(1,448)	(57)	(3,429)
	(2,237)	(6,009)	(3,995)	(759)	(8,896)

Advances to other related parties

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Advances to related parties during the year/ period					
— Cash	40,821	1,858	410	288	—
— Non cash	16,301	6,243	28	13	—
	57,122	8,101	438	301	—
Repayments from related parties during the year/period					
— Cash	(51,870)	(6,300)	(426)	(303)	—
— Non cash	(8,824)	(1,993)	(249)	(206)	—
	(60,694)	(8,293)	(675)	(509)	—

Advances to related parties also includes amount paid/received on behalf between the Group and related parties.

Advances to related parties were all unsecured and collectable within one year. As mutually agreed with the parties in concern, the Group did not charge any interest on the advances to related parties.

(e) Advances from related parties

Advances from joint ventures and associates

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Advances from related parties during the year/ period					
— Cash	106	—	—	—	—
Repayments to related parties during the year/ period					
— Cash	—	(106)	—	—	—

Advances from Seacon Group

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Advances from related parties during the year/ period					
— Cash	23,178	12,669	3,755	3,608	8,705
— Non cash	1,667	6,219	12,086	4,365	29,673
	24,845	18,888	15,841	7,973	38,378
Repayments to related parties during the year/ period					
— Cash	(18,696)	(16,517)	(31,242)	(9,747)	(26,269)
— Non cash	(283)	(3,232)	(13,190)	(1,115)	(30,902)
	(18,979)	(19,749)	(44,432)	(10,862)	(57,171)

Advances from other related parties

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Advances from related parties during the year/period					
— Cash	81	—	—	—	—
— Non cash	—	1,066	—	—	—
	81	1,066	—	—	—
Repayments to related parties during the year/period					
— Cash	—	(1,036)	—	—	—
— Non cash	—	(88)	—	—	(24)
	—	(1,124)	—	—	(24)

Advances from related parties also includes amount paid/received on behalf between the Group and related parties.

Advances from related parties were all unsecured and repayable within one year. As mutually agreed with the parties in concern, the Group did not pay any interest on the advances from related parties.

(f) Guarantees provided by related parties

The information set out below represents the balance of borrowings and lease liabilities guaranteed by related party at the end of each year/period.

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*
For borrowings:				
Seacon Shipping Group**/ Mr. Guo/Mr. Chen /Individual C/Individual D	6,567	4,951	1,607	—
Golden Tulip Ltd/Glory Hangzhou Ltd/Seacon Ships Management (HK)**/Qingdao Wantong Shipping Co., Ltd./Mr. Guo/ Mr. Chen/Individual C/ Individual D/Individual A/ Individual E	3,472	1,103	—	—
Mr. Guo, Mr. Chen	2,439	1,985	—	—
Seacon Shipping Group**, Mr. Guo, Mr. Chen	26,747	22,498	—	—
Mr. Guo	717	674	596	—
Mr. Guo, Mr. Wang Guangfu	—	675	518	451
Seacon Shipping Group**/Sunny Star Shipping Ltd./ Seacon Marine (SG)**/ Mr. Guo/Mr. Chen	—	—	4,708	—
The Company/Mr. Guo/Mr. Chen	—	—	—	4,546
Seacon Shipping Group**	—	—	16,442	—
	39,942	31,886	23,871	4,997
For lease liabilities:				
Seacon Shipping Group**	—	—	31,345	29,612
Sunny Star Shipping Ltd./Seacon Marine (SG)**/Mr. Guo/ Mr. Chen	—	—	45,670	—
The Company/Mr. Guo/Mr. Chen	—	—	—	58,183
	—	—	77,015	87,795
	39,942	31,886	100,886	92,792

The information set out below represents the amount of new borrowings and lease liabilities guaranteed by related party during the Track Record Period.

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
For borrowings:					
Seacon Shipping Group**/Mr. Guo/Mr. Chen/Individual C/Individual D	9,000	1,563	—	—	—
Golden Tulip Ltd/Glory Hangzhou Ltd/Seacon Ships Management (HK)**/Qingdao Wantong Shipping Co., Ltd./Mr. Guo/Mr. Chen/Individual C/Individual D/Individual A/Individual E	4,340	—	—	—	—
Mr. Guo, Mr. Chen	4,000	—	—	—	—
Mr. Guo	717	—	—	—	—
Mr. Guo, Mr. Wang Guangfu	—	709	—	—	—
Seacon Shipping Group**/Sunny Star Shipping Ltd./Seacon Marine (SG)**/Mr. Guo/Mr. Chen	—	—	5,100	—	—
	18,057	2,272	5,100	—	—
For lease liabilities:					
Sunny Star Shipping Ltd./Seacon Marine (SG)**/Mr. Guo/Mr. Chen	—	—	52,578	—	—
The Company/Mr. Guo/Mr. Chen	—	—	—	—	17,526
	—	—	52,578	—	17,526
	18,057	2,272	57,678	—	17,526

** Seacon Shipping Group was retained in Seacon Group on 31 December 2021 and became a related party of the Group since then. Management will change those related party guarantors to the Company or replace the relevant guarantors before the [REDACTED].

(g) Guarantees provided for related parties

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Joint ventures and associates	8,800	8,000	—	—
Director	674	729	—	—
Seacon Group	1,116	1,777	596	—
	10,590	10,506	596	—

Management will cancel the guarantees provided to related party before the [REDACTED].

(h) Key management compensation

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

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000* unaudited	*US$'000*
Salaries, bonuses and other benefits	366	420	599	108	211
Share-based compensation expenses	—	—	5,635	—	—
	366	420	6,234	108	211

(i) Significant year-end balances arising from advances to/from related parties and sales/purchases of goods/services

	As at 31 December			As at 31 May
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Receivables from related parties				
Trade receivables:				
— Joint ventures and associates	74	121	102	378
— Seacon Group	—	923	51	73
	74	1,044	153	451
Other receivables				
Amount due from:				
— Joint ventures and associates	868	1,218	259	2,240
— Seacon Group	3,707	3,178	3,364	104
— Other related parties	943	752	—	—
	5,518	5,148	3,623	2,344
Deposits to:				
— Seacon Group	—	11	50	—
	—	11	50	—
Other receivables from related parties	5,518	5,159	3,673	2,344

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	US$'000	*US$'000*	*US$'000*	*US$'000*
Payables to related parties				
Trade payables:				
— Joint ventures and associates	—	—	367	—
— Seacon Group	1,295	4,511	3,770	3,078
	1,295	4,511	4,137	3,078
Other payables:				
Amount due to:				
— Joint ventures and associates	106	—	—	—
— Seacon Group	34,784	33,922	26,826	8,033
— Other related parties	81	24	24	—
	34,971	33,946	26,850	8,033
Deposits from:				
— Joint ventures and associates	8	3	21	27
— Seacon Group	—	57	133	129
	8	60	154	156
Other payables to related parties	34,979	34,006	27,004	8,189

Except amount due to and due from Seacon Group which were generated from non-operating activities, all other balances with related parties were generated from normal operating activities. The Group will settle the amount due to and due from Seacon Group before the [REDACTED] of the Company.

31 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every Director and the chief executive is set out below:

For the year ended 31 December 2019:

Name	Director's Fee	Salaries	Bonus	Social benefits	Share-based compensation expenses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman						
Mr. Guo	—	83	—	22	—	105
Executive directors						
Mr. Chen	—	20	—	—	—	20
Mr. Zhao	—	89	44	4	—	137
Mr. He	—	78	20	6	—	104
	—	270	64	32	—	366

For the year ended 31 December 2020:

Name	Director's Fee	Salaries	Bonus	Social benefits	Share-based compensation expenses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman						
Mr. Guo	—	83	—	22	—	105
Executive directors						
Mr. Chen	—	66	—	—	—	66
Mr. Zhao	—	61	58	3	—	122
Mr. He	—	61	58	8	—	127
	—	271	116	33	—	420

For the year ended 31 December 2021:

Name	Director's Fee	Salaries	Bonus	Social benefits	Share-based compensation expenses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman						
Mr. Guo	—	93	39	37	—	169
Executive directors						
Mr. Chen	—	110	31	—	—	141
Mr. Zhao	—	84	53	4	3,757	3,898
Mr. He	—	84	54	10	1,878	2,026
	—	371	177	51	5,635	6,234

For the five months ended 31 May 2021(unaudited):

Name	Director's Fee	Salaries	Bonus	Social benefits	Share-based compensation expenses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman						
Mr. Guo	—	33	—	8	—	41
Executive directors						
Mr. Chen	—	26	—	—	—	26
Mr. Zhao	—	18	—	2	—	20
Mr. He	—	18	—	3	—	21
	—	95	—	13	—	108

For the five months ended 31 May 2022:

Name	Director's Fee	Salaries	Bonus	Social benefits	Share-based compensation expenses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman						
Mr. Guo	—	44	—	8	—	52
Executive directors						
Mr. Chen	—	37	—	—*	—	37
Mr. Zhao	—	58	—	2	—	60
Mr. He	—	58	—	4	—	62
	—	197	—	14	—	211

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any Directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaken.

(c) Directors' termination benefits

No payment was made to Directors as compensation for the early termination of the appointment for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022.

(d) Consideration provided to third parties for making available Directors' services

No payment was made to the former employer of Directors for making available the services of them as a Director of the Company during the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022.

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

There are no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors during the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022.

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

Save as disclosed in Note 30, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022.

32 EVENTS AFTER THE REPORTING PERIOD

The Russian-Ukraine conflict broke out in February 2022, which disrupted global supply chain networks. After the evaluation, the Group was not aware of any material adverse effects on the Historical Financial Information. With the increasing market uncertainty regarding to the impact of the conflict, the Group will pay close attention to the development of the conflict and evaluate the impact on its future financial position and operating results.

Pursuant to the written resolutions of the shareholders of the Company passed on [date], conditional on the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the allotment and issuance of the [REDACTED] pursuant to the [REDACTED], the Directors of the Company are authorised to capitalize HK$[REDACTED] standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par [REDACTED] Shares (or any such number of Shares any director may determine) for allotment and issuance to those shareholders of the Company whose names appeared in the register of members or the principal share register of the Company at close of business on the date which the said resolution is passed (or another date as our Directors may direct) in proportion to their respective shareholdings in the Company, each ranking *pari passu* in all respects with the shares then in issue.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any period subsequent to 31 May 2022 and up to the date of this report. Save as disclosed in Note 26 above, no other dividend or distribution has been declared or made by the Company or its subsidiaries in respect of any period subsequent to 31 May 2022.