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## COURAGE INVESTMENT GROUP LIMITED

### 勇利投資集團有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: CIN)

## ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Board of Directors (the “**Board**”) of Courage Investment Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 together with comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
<b>Revenue</b>			
Marine transportation income		3,636	3,537
Trading income		–	323
Interest income		392	390
Property rental income		91	110
Total revenue	4	4,119	4,360
Cost of goods sold and direct expenses		(2,493)	(2,746)
Other income		19	23
Other gains and losses, net	5	(36)	(1,878)
Administrative expenses		(665)	(616)
Share of result of a joint venture		(1)	(25)
Finance costs		(240)	(425)
<b>Profit (loss) for the period attributable to owners of the Company</b>	7	<b>703</b>	<b>(1,307)</b>

		<b>Six months ended 30 June</b>	
		<b>2021</b>	2020
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive income (expense)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of the foreign operation of a joint venture		<b>53</b>	(68)
Net decrease in fair value of debt instruments at fair value through other comprehensive income		<b>(501)</b>	(228)
		<hr/>	<hr/>
Other comprehensive expense for the period, net of income tax		<b>(448)</b>	(296)
		<hr/>	<hr/>
<b>Total comprehensive income (expense) for the period attributable to owners of the Company</b>		<b>255</b>	(1,603)
		<hr/> <hr/>	<hr/> <hr/>
<b>Basic earnings (loss) per share attributable to owners of the Company (US cent)</b>	<b>9</b>	<b>0.06</b>	(0.24)
		<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At <b>30 June</b> <b>2021</b> <i>US\$'000</i> <b>(Unaudited)</b>	At 31 December 2020 <i>US\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>29,599</b>	30,280
Right-of-use asset		<b>197</b>	260
Investment property		<b>9,256</b>	9,295
Interest in a joint venture		<b>4,996</b>	4,944
Debt instruments at fair value through other comprehensive income	<i>10</i>	<b>5,495</b>	10,407
		<b>49,543</b>	55,186
<b>Current assets</b>			
Trade receivables	<i>11</i>	–	94
Other receivables and prepayments		<b>706</b>	887
Amount due from a joint venture		<b>669</b>	669
Debt instruments at fair value through other comprehensive income	<i>10</i>	<b>4,411</b>	–
Financial assets at fair value through profit or loss		<b>58</b>	58
Bank balances and cash		<b>7,175</b>	10,032
		<b>13,019</b>	11,740
<b>Total assets</b>		<b>62,562</b>	66,926

		At <b>30 June 2021</b> <i>US\$'000</i> <b>(Unaudited)</b>	At 31 December 2020 <i>US\$'000</i> <b>(Audited)</b>
<b>Current liabilities</b>			
Deposits received, other payables and accruals		<b>1,178</b>	1,182
Contract liabilities		<b>158</b>	41
Borrowings – due within one year	<i>12</i>	<b>5,482</b>	6,089
Lease liabilities		<b>138</b>	136
		<u><b>6,956</b></u>	<u>7,448</u>
<b>Net current assets</b>		<u><b>6,063</b></u>	<u>4,292</u>
<b>Total assets less current liabilities</b>		<u><b>55,606</b></u>	<u>59,478</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>1,098</b>	549
Reserves		<b>48,487</b>	48,991
<b>Total equity</b>		<u><b>49,585</b></u>	<u>49,540</u>
<b>Non-current liabilities</b>			
Borrowings – due more than one year	<i>12</i>	<b>5,939</b>	9,786
Lease liabilities		<b>82</b>	152
		<u><b>6,021</b></u>	<u>9,938</u>
<b>Total liabilities and equity</b>		<u><b>62,562</b></u>	<u>66,926</u>

*Notes:*

## **1. General information**

The Company (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is at Room 2113, 21st Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company is primarily listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and secondarily listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The condensed consolidated financial statements are presented in the United States dollars (“**US\$**”), which is the functional currency of the Company, and all values are rounded to the nearest thousand (US\$’000) where appropriate or as indicated.

## **2. Principal accounting policies**

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and an investment property that are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 31 December 2020.

## **Application of amendments to IFRSs**

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

### **3. Segment information**

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the executive directors and chief executive of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance. This is also the current basis of organisation in the Group, whereby the management has chosen to organise the Group in different operating activities.

Specifically, the Group's reportable and operating segments are as follows:

- (i) Marine transportation
- (ii) Property holding and investment
- (iii) Investment holding
- (iv) Merchandise trading

Segment results represent the profit/loss from each segment without allocation of corporate income, corporate expenses, share of result of a joint venture and finance costs.

## Segment revenue and results

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Segment revenue	<u>3,636</u>	<u>3,537</u>	<u>91</u>	<u>110</u>	<u>392</u>	<u>390</u>	<u>-</u>	<u>323</u>	<u>4,119</u>	<u>4,360</u>
Segment results	<u>1,154</u>	<u>1,110</u>	<u>52</u>	<u>(1,031)</u>	<u>389</u>	<u>(350)</u>	<u>-</u>	<u>4</u>	<u>1,595</u>	<u>(267)</u>
Unallocated:										
Corporate income									4	19
Corporate expenses									(655)	(609)
Share of result of a joint venture									(1)	(25)
Finance costs									<u>(240)</u>	<u>(425)</u>
<b>Profit (loss) for the period</b>									<u><b>703</b></u>	<u><b>(1,307)</b></u>

## Segment assets

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	At		At		At		At		At	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Segment assets	<u>30,157</u>	<u>30,646</u>	<u>15,074</u>	<u>14,952</u>	<u>10,699</u>	<u>11,759</u>	<u>98</u>	<u>98</u>	<u>56,028</u>	<u>57,455</u>
Unallocated corporate assets									<u>6,534</u>	<u>9,471</u>
<b>Total assets</b>									<u><b>62,562</b></u>	<u><b>66,926</b></u>

#### 4. Revenue

##### Disaggregation of revenue from contracts with customers

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
<b>Types of goods and services:</b>										
Marine transportation	2,741	3,138	-	-	-	-	-	-	2,741	3,138
Merchandise trading	-	-	-	-	-	-	-	323	-	323
<b>Revenue from contracts with customers</b>	<b>2,741</b>	<b>3,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323</b>	<b>2,741</b>	<b>3,461</b>
Leases	895	399	91	110	-	-	-	-	986	509
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")	-	-	-	-	392	390	-	-	392	390
<b>Total revenue</b>	<b>3,636</b>	<b>3,537</b>	<b>91</b>	<b>110</b>	<b>392</b>	<b>390</b>	<b>-</b>	<b>323</b>	<b>4,119</b>	<b>4,360</b>

#### 5. Other gains and losses, net

	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Decrease in fair value of an investment property	(39)	(1,141)
Net decrease in fair value of financial assets at fair value through profit or loss ("FVTPL")	-	(738)
Net foreign exchange gain	3	1
	<b>(36)</b>	<b>(1,878)</b>



## 6. Income tax expenses

There is no assessable profit arising in Hong Kong for the six months ended 30 June 2021 and 2020.

In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

## 7. Profit (loss) for the period

Profit (loss) for the period has been arrived at after (crediting) charging:

	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Interest income from banks	(4)	(4)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	287	166
– Contributions to retirement benefits scheme	9	4
Total employee benefits expenses	296	170
Cost of inventories recognised as expenses	–	319
Marine crew expenses	887	828
Depreciation of property, plant and equipment	685	753
Depreciation of right-of-use asset	63	62

## 8. Dividend

No dividend was paid, declared or proposed during the interim period (six months ended 30 June 2020: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## 9. Earnings (loss) per share

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

	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
<b>Earnings (loss)</b>		
Profit (loss) for the period attributable to owners of the Company	<u>703</u>	<u>(1,307)</u>
	Six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period	<u>1,082,542</u>	<u>548,852</u>

For the periods ended 30 June 2021 and 2020, no diluted earnings (loss) per share is presented as there were no dilutive potential ordinary shares outstanding during both periods.

## 10. Debt instruments at fair value through other comprehensive income

	At 30 June	At 31 December
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Listed debt securities ( <i>note</i> )	<u>9,906</u>	<u>10,407</u>
Analysed for reporting purposes as:		
Current assets	<u>4,411</u>	<u>–</u>
Non-current assets	<u>5,495</u>	<u>10,407</u>

*Note:*

The fair values of the listed debt securities were determined based on the quoted market bid prices available on the Hong Kong Stock Exchange or SGX-ST.

## 11. Trade receivables

The credit period for customers of time charter are 0 day to 30 days (31 December 2020: 0 day to 30 days). The Group normally allows credit period for customers of merchandise trading ranging from 0 day to 60 days (31 December 2020: 0 day to 60 days). An aged analysis of the Group's trade receivables from contracts with customers of marine transportation based on invoice date at the end of the reporting period is as follows:

	<b>At 30 June 2021 US\$'000 (Unaudited)</b>	At 31 December 2020 US\$'000 (Audited)
Aged within 60 days based on invoice date	<u>–</u>	<u>94</u>

## 12. Borrowings

	<b>At 30 June 2021 US\$'000 (Unaudited)</b>	At 31 December 2020 US\$'000 (Audited)
Secured loans	<u>11,421</u>	<u>15,875</u>
The carrying amounts of the loans are repayable*:		
On demand	–	2,821
Within one year	5,482	3,268
More than one year, but not exceeding two years	2,122	4,908
More than two years, but not exceeding five years	<u>3,817</u>	<u>4,878</u>
Total	<b>11,421</b>	15,875
Less: amounts due within one year shown under current liabilities	<u>(5,482)</u>	<u>(6,089)</u>
Amounts shown under non-current liabilities	<u>5,939</u>	<u>9,786</u>
Effective interest rate (%) per annum	<u>1.21 – 4.13</u>	<u>1.10 – 5.79</u>

\* *The amounts due are based on scheduled repayment dates set out in the loan agreements.*

The Group's borrowings were denominated in United States dollars (31 December 2020: United States dollars and Hong Kong dollars) which were also the functional currencies of the respective entities of the Group.

At 30 June 2021, the loans were carrying interest at London Interbank Offered Rate (“LIBOR”) (31 December 2020: LIBOR or Hong Kong Interbank Offered Rate) plus certain basis points. The outstanding loans at 30 June 2021 were repayable within one to three years (31 December 2020: repayable within one to four years).

The borrowings at 30 June 2021 were secured by the followings:

- (i) corporate guarantee from the Company;
- (ii) first preferred mortgage over the vessels held by Zorina Navigation Corp., Heroic Marine Corp. and Polyworld Marine Corp., named MV Zorina, MV Heroic and MV Polyworld respectively; and
- (iii) assignment of insurance proceeds in respect of vessels MV Zorina, MV Heroic and MV Polyworld.

The borrowings at 31 December 2020 were secured by the followings:

- (i) corporate guarantee from the Company;
- (ii) first preferred mortgage over the vessels held by Zorina Navigation Corp., Heroic Marine Corp. and Polyworld Marine Corp., named MV Zorina, MV Heroic and MV Polyworld respectively;
- (iii) assignment of insurance proceeds in respect of vessels MV Zorina, MV Heroic and MV Polyworld;
- (iv) first mortgage over the investment property held by the Group; and
- (v) pledge of certain debt instruments at FVTOCI held by the Group.

### 13. Share capital

	Number of shares '000	Amount US\$'000
<b>Authorised:</b>		
At 1 January 2020 (US\$0.06 per share)	3,000,000	180,000
Share subdivision ( <i>note (ii)</i> )	177,000,000	—
	<u>180,000,000</u>	<u>180,000</u>
<b>At 31 December 2020 and 30 June 2021 (US\$0.001 per share)</b>	<b><u>180,000,000</u></b>	<b><u>180,000</u></b>
<b>Issued and fully paid:</b>		
At 1 January 2020 (US\$0.06 per share)	548,852	32,931
Capital reduction ( <i>note (i)</i> )	—	(32,382)
	<u>548,852</u>	<u>549</u>
At 31 December 2020 (US\$0.001 per share)	548,852	549
Issue of shares through open offer	548,852	549
	<u>1,097,704</u>	<u>1,098</u>
<b>At 30 June 2021 (US\$0.001 per share)</b>	<b><u>1,097,704</u></b>	<b><u>1,098</u></b>

At 30 June 2021, all issued ordinary shares have a par value of US\$0.001 each (31 December 2020: US\$0.001 each), carry one vote per share and carry the rights to dividends as and when declared by the Company.

*Notes:*

The Company completed a capital reorganisation by way of capital reduction, share premium account reduction and share subdivision (the “**Capital Reorganisation**”) which became effective on 20 November 2020. The Capital Reorganisation involved the following:

- (i) the reduction of issued share capital of the Company whereby the par value of each issued share of the Company (“**Share(s)**”) reduced from US\$0.06 to US\$0.001 by cancelling US\$0.059 of the paid-up capital on each issued Share (the “**Capital Reduction**”);
- (ii) immediately following the Capital Reduction, the subdivision of each unissued Share of US\$0.06 in the authorised share capital of the Company into 60 Shares of US\$0.001 each (the “**Share Subdivision**”) so that immediately following the Capital Reduction and the Share Subdivision, the authorised share capital of the Company became US\$180,000,000 divided into 180,000,000,000 Shares of US\$0.001 each;
- (iii) the reduction of the entire amount standing to the credit of the share premium account of the Company (the “**Share Premium Account Reduction**”);
- (iv) the transfer of the credits arising from the Capital Reduction and the Share Premium Account Reduction to the contributed surplus account of the Company; and
- (v) the application of the amount standing to the credit of the contributed surplus account of the Company arising from the Capital Reduction and the Share Premium Account Reduction to set off the accumulated losses of the Company as permitted by the laws of Bermuda and the Bye-laws of the Company and to authorise the directors of the Company to utilise any remaining credit balance in the contributed surplus account of the Company in such manner as may be determined by the directors in accordance with the Bye-laws of the Company and all applicable laws.

Upon the Capital Reorganisation became effective, the Company proposed an open offer of 548,851,784 offer shares at the subscription price of HK\$0.13 per offer share on the basis of one offer share for every one share held on the record date (the “**Open Offer**”).

In December 2020, the Company received subscription monies of approximately HK\$68,883,000 (equivalent to approximately US\$8,831,000) in relation to the Open Offer, the underwriting agreement dated 24 July 2020 entered into between the Company and the underwriter was not terminated and the Open Offer had become unconditional. At 31 December 2020, the subscription monies were presented as equity of the Company and included in other reserve.

The Open Offer was completed in January 2021 and the Company raised proceeds of US\$9,148,000 before expenses, of which a sum of US\$8,831,000 was received in December 2020 and the remaining sum of US\$317,000 was received in January 2021, the transaction costs attributable to the issue of shares amounted to US\$527,000. Further details of the Open Offer were set out in the circular of the Company dated 30 October 2020.

#### **14. Pledge of assets**

At 30 June 2021, three vessels with an aggregate carrying amount of US\$29,525,000 (including dry-docking) were pledged to a bank and other financial institution as security for the loan facilities granted to the Group.

At 31 December 2020, three vessels with an aggregate carrying amount of US\$30,202,000 (including dry-docking), an investment property with carrying amount of US\$9,295,000 and debt instruments at FVTOCI with carrying amount of US\$8,408,000 were pledged to banks and other financial institution as security for the loan facilities granted to the Group.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## **BUSINESS REVIEW**

During the six months ended 30 June 2021 (“**HY2021**”), the Group continued to principally engage in the business of marine transportation, property holding and investment, investment holding and merchandise trading.

Generally speaking, the market conditions faced by the Group have improved considerably during the review period following the launch of vaccination campaigns globally to combat COVID-19, amid the emergence of the coronavirus variants and the new wave of outbreaks in some countries. For HY2021, the Group’s marine transportation operation has achieved a profit of US\$1,154,000 (30 June 2020: US\$1,110,000), whilst an overall profit attributable to owners of the Company of US\$703,000 was booked compared to the loss of US\$1,307,000 for the six months ended 30 June 2020 (“**HY2020**”). Basic earnings per share were US0.06 cent for HY2021 compared against the loss per share of US0.24 cent for HY2020.

### **Marine transportation**

For HY2021, the revenue of the Group’s marine transportation business increased by 3% to US\$3,636,000 (30 June 2020: US\$3,537,000) and its profit increased by 4% to US\$1,154,000 (30 June 2020: US\$1,110,000). The increases in revenue and profit of the operation were mainly due to the moderate increase in charter rates of the Group’s vessels during the period, mainly resulting from the improved market conditions and the increasing demand for marine transportation services, which in turn owing to the increasing demand for commodities in general to meet the expectations of a global economic recovery.

Following the launch of COVID-19 vaccination programs in many countries, there are signs that economic activities worldwide have started to regain momentum. The Baltic Dry Index (the “**BDI**”), which is closely correlated to market freight rate, remained volatile during HY2021 by hitting its low of about 1,300 points in February 2021, and rebounded to over 3,400 points in June 2021, and was hovering between 1,500 to 3,000 points level throughout a large part of the period, compared to 500 to 1,000 points level in HY2020. The current market conditions of the marine transportation business remain volatile, however, with the gradual revival of economic activities of some major economies including China, the US and the UK, the Group is prudently optimistic about the prospects of the marine transportation business in the medium to long term.

The carrying capacity of the Group’s dry bulk fleet, which currently comprises three Supramax size vessels, is approximately 171,000 dwt. The Group is continuing with its plan of expanding the scale of its dry bulk fleet and is in the process of identifying a suitable second-hand Supramax dry bulk carrier. However, similar to the vessel chartering market, the conditions of the second-hand vessel market are also volatile, particularly in terms of asking price. With due regard to the volatile market conditions, the Group will inform shareholders of any updates of the vessel acquisition as and when appropriate.

## **Property holding and investment**

For HY2021, the property holding and investment business reported a profit of US\$52,000 (30 June 2020: loss of US\$1,031,000) and contributed a revenue of US\$91,000 (30 June 2020: US\$110,000) to the Group. The Group's investment property is an office unit at Shun Tak Centre, Sheung Wan, Hong Kong which generated a rental income of US\$91,000 for the review period (30 June 2020: US\$110,000). The investment property was valued at US\$9,256,000 at the period end (31 December 2020: US\$9,295,000), with a revaluation loss of US\$39,000 (30 June 2020: US\$1,141,000).

## **Investment holding**

The Group's investment holding business contributed a revenue of US\$392,000 (30 June 2020: US\$390,000) and recorded a profit of US\$389,000 (30 June 2020: loss of US\$350,000) for HY2021. The revenue of the business comprised interest income from corporate bonds held by the Group.

During the period, the Group continued to invest in listed equity securities and corporate bonds. The corporate bonds acquired by the Group were issued by property and aircraft leasing companies listed on the Hong Kong Stock Exchange with a yield to maturity upon acquisition of these bonds ranging from approximately 4.68% to 12.33% per annum. For listed equity securities, the Group's investment strategy is to target for stocks with good value appreciation potential whether in short, medium or long term and/or good dividend yield. For corporate bonds, the Group is to target for bonds with good interest yield and low default risk. For making investment decisions on securities or bonds of individual target company, references will usually be made to its announcements, news, latest financial information, dividend policy and business prospect.

At the period end, the Group's investments classified as financial assets at FVTPL of US\$58,000 (31 December 2020: US\$58,000) represented listed equity securities held for non-long term purpose, whereas the Group's investments classified as debt instruments at FVTOCI, comprised current and non-current portion totalling US\$9,906,000 (31 December 2020: US\$10,407,000), represented a portfolio of corporate bonds.

For HY2021, a net decrease in fair value of the Group's debt instruments at FVTOCI of US\$501,000 (30 June 2020: US\$228,000) was recognised as other comprehensive expense.

## **Merchandise trading**

During HY2021, mainly due to the continuation of the COVID-19 pandemic and the trade disputes between China and the US, there was no revenue (30 June 2020: US\$323,000) and profit (30 June 2020: US\$4,000) generated from the Group's merchandise trading business, which focusing on trading of electronic components. The business is in temporary halt and will resume when market conditions improve.



## **Share of result of a joint venture**

During HY2021, the loss of a joint venture shared by the Group amounting to US\$1,000 (30 June 2020: US\$25,000) and was mainly related to the administrative expenses incurred by the joint venture. At 30 June 2021, the carrying value of the investment in the joint venture was US\$4,996,000 (31 December 2020: US\$4,944,000). The major asset held by the joint venture is an industrial property in Shanghai, the property is vacant at present and is intended for leasing.

## **OVERALL RESULTS**

The Group recorded a profit for the period attributable to owners of the Company of US\$703,000 (30 June 2020: loss of US\$1,307,000) and total comprehensive income attributable to owners of the Company of US\$255,000 (30 June 2020: total comprehensive expense of US\$1,603,000). The turnaround of the Group's results was mainly attributable to (i) the decrease in fair value of an investment property of US\$39,000 for HY2021 was less than its comparable of US\$1,141,000 recorded in HY2020; and (ii) the absence of the net decrease in fair value of financial assets at FVTPL of US\$738,000 recorded in HY2020.

## **FINANCIAL REVIEW**

### **Liquidity, financial resources and capital structure**

During HY2021, the Group financed its operation mainly by cash generated from operations, credit facilities provided by banks and other financial institution, and shareholders' funds. At 30 June 2021, the Group had current assets of US\$13,019,000 (31 December 2020: US\$11,740,000) and liquid assets comprising bank balances and cash and investment in listed equity securities totalling US\$7,233,000 (31 December 2020: US\$10,090,000). The Group's current ratio, calculated based on current assets over current liabilities of US\$6,956,000 (31 December 2020: US\$7,448,000), was at a ratio of about 1.87 at the period end (31 December 2020: 1.58). The increase in current ratio was mainly due to debt instruments at FVTOCI with aggregate value of US\$4,411,000 were reclassified as current assets as they will be matured within the next twelve months from the period end.

At 30 June 2021, the equity attributable to owners of the Company amounted to US\$49,585,000 (31 December 2020: US\$49,540,000), increased by US\$45,000 compared to the prior year end that was mainly resulted from the profit earned by the Group, after partly offset by the other comprehensive expense incurred during the current period.

At the period end, the Group's borrowings represented loans from a bank and other financial institution mainly applied for financing the holdings of vessels. At 30 June 2021, the borrowings were denominated in United States dollars, bore interest at floating rates, and were secured by the three vessels owned by the Group. The following is an analysis of the Group's borrowings and maturity profile:

	<b>At 30 June 2021 US\$'000</b>	<b>At 31 December 2020 US\$'000</b>
Secured loans	<b><u>11,421</u></b>	<b><u>15,875</u></b>
The carrying amounts of the loans are repayable*:		
On demand	–	2,821
Within one year	<b>5,482</b>	3,268
More than one year, but not exceeding two years	<b>2,122</b>	4,908
More than two years, but not exceeding five years	<b><u>3,817</u></b>	<b><u>4,878</u></b>
	<b><u>11,421</u></b>	<b><u>15,875</u></b>

\* *The amounts due are based on scheduled repayment dates set out in the loan agreements.*

For HY2021, the Group's finance costs of US\$240,000 represented mainly interests for the borrowings, finance costs decreased by 44% (30 June 2020: US\$425,000) was mainly a result that the Group had repaid a bank revolving loan of US\$2,821,000 in January 2021 and the decrease in interest rates charged for the floating-rate borrowings compared to the prior period.

The Group's gearing ratio, calculated on the basis of total borrowings of US\$11,421,000 (31 December 2020: US\$15,875,000) divided by total equity of US\$49,585,000 (31 December 2020: US\$49,540,000), was at a ratio of about 23% at the period end (31 December 2020: 32%).

With the amount of liquid assets on hand as well as the credit facilities granted by banks and other financial institution, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement.

### **Use of proceeds from the Open Offer**

In January 2021, the Company successfully raised US\$9,148,000 before expenses by way of an open offer of 548,851,784 offer shares at the subscription price of HK\$0.13 per offer share on the basis of one offer share for every one share of the Company held on the record date. The net proceeds from the Open Offer was US\$8,621,000, of which the sum of US\$2,821,000 was utilized as intended to repay a bank revolving loan to achieve immediate saving in finance costs, whilst the remainder of the net proceeds of US\$5,800,000 is pending for the use of acquiring a second-hand Supramax size vessel if and when such acquisition materialises.

## **PROSPECTS**

Following the launch of vaccination campaigns to fight against COVID-19 in many countries, there are signs that their economies have stabilised and are moving towards full-reactivation, despite the emergence of coronavirus variants and the new wave of outbreaks in some countries. China has achieved positive GDP growth in the first half of 2021 and there are signs that the economy is undergoing a stable and sustainable recovery. Hong Kong, being one of the major cities and gateways of China, is well positioned to benefit from the nation's sustainable economic growth and long term economic development.

The BDI, which is closely correlated to market freight rate, reached the new 5-year high of over 3,400 points in June 2021 and that market freight rate has continued to hovering at high levels in July 2021. In view of the prevailing market conditions, the Group is prudently optimistic about the prospect of the marine transportation business in the medium to long term. In addition, the Group's management team will continue to make dedicated efforts to explore potential investment and acquisition opportunities in Hong Kong and Mainland China for business diversification in order to maximize returns to the Group.

Looking forward, the Group will continue with its plan to acquire a second-hand Supramax vessel, to manage its businesses in a disciplined manner, and will explore potential investment and acquisition opportunities and business enhancement strategies which are expected to bring long-term benefits to the Group.

## **CORPORATE GOVERNANCE**

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules throughout the six months ended 30 June 2021.

## **AUDIT COMMITTEE**

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2021 have not been audited, but have been reviewed by the Audit Committee of the Company and have been duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**Courage Investment Group Limited**  
**Feng Xiaogang**  
*Chairman*

Hong Kong, 24 August 2021

*As at the date of this announcement, the Board comprises three Executive Directors, namely Dr. Feng Xiaogang (Chairman), Ms. Wang Yu and Ms. Sin Pui Ying; and three Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho.*