
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Courage Investment Group Limited, you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

- (1) PROPOSED CAPITAL REORGANISATION INVOLVING
CAPITAL REDUCTION AND SHARE PREMIUM ACCOUNT
REDUCTION AND SHARE SUBDIVISION;**
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (3) PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE
FOR EVERY ONE SHARE HELD ON THE RECORD DATE
PAYABLE IN FULL ON APPLICATION;**
- AND**
- (4) NOTICE OF SPECIAL GENERAL MEETING**

Underwriter of the Open Offer



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 12 to 44 of this circular. A letter from the Independent Board Committee is set out on pages 45 to 46 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 47 to 64 of this circular.

It should be noted that the Shares quoted on the Hong Kong Stock Exchange are expected to be dealt in on an ex-entitlement basis from 9:00 a.m. on Monday, 23 November 2020 whereas the Shares quoted on the SGX-ST are expected to be dealt in on an ex-entitlement basis from 9:00 a.m. on Tuesday, 24 November 2020. Any Shareholder or other person dealing in the Shares from the Latest Practicable Date up to the date on which all conditions of the Open Offer become unconditional (which is expected to be Monday, 28 December 2020), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealings in the securities of the Company are recommended to consult their own professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events, including force majeure, summarised in the section headed "Termination of the Underwriting Agreement" on page 10 of this circular. If the Underwriting Agreement is terminated or does not become unconditional, the Open Offer will not proceed.

A notice convening the SGM to be held at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Wednesday, 18 November 2020 at 10:30 a.m. is set out on pages SGM-1 to SGM-5 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for shareholders in Hong Kong) or the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for shareholders/depositors in Singapore) as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. no later than 10:30 a.m. on Monday, 16 November 2020 (Hong Kong time)). Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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ALTERNATIVE ARRANGEMENTS FOR PARTICIPATION BY SHAREHOLDERS OR DEPOSITORS IN SINGAPORE AT THE SGM

In light of the COVID-19 situation in Singapore and its embarkation on a three-phased approach to resume activities safely from 2 June 2020 where economic activities for certain sectors would be reopened gradually in phases, the Company will not be holding a video conference of the SGM in Singapore on 18 November 2020.

Shareholders/depositors in Singapore may participate in the SGM by: (a) observing and/or listening to the SGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the SGM; and (c) appointing the Chairman of the SGM as proxy to attend, speak and vote on their behalf at the SGM. Shareholders/depositors in Singapore should note that they will not be able to ask questions during the SGM and accordingly, it is important for shareholders/depositors to submit their questions by the aforementioned deadline in advance of the SGM.

Shareholders/depositors in Singapore may watch the SGM proceedings through the SGM live webcast via your mobile phones, tablets or computers. To do so, shareholders/depositors will need to submit request by emailing to RSVP@boardroomlimited.com with the following information:

- (i) Name of shareholder/depositor
- (ii) NRIC/Passport Number (last 4 digits)
- (iii) Mailing Address
- (iv) Contact Number

This is to enable the Company to verify your identity as shareholders/depositors in Singapore who are entitled to attend the SGM. Registration must be completed not later than 2:30 p.m. on 16 November 2020, being two (2) working days before the time fixed for the SGM. Following the verification, authenticated shareholders/depositors will receive an email by 17 November 2020 containing the link, which you can click on to access the webcast of the SGM proceedings. Shareholders/depositors must not forward the link to other persons who are not shareholders/depositors and who are not entitled to attend the SGM proceedings. This is also to avoid any shareholder/depositor from being refused access or technical disruptions or overload to the live SGM webcast. Shareholders/depositors who register not later than 2:30 p.m. on 16 November 2020 but do not receive an email response by 17 November 2020 may contact the Company's Singapore share transfer agent for assistance at +65 6536 5355 between 10:00 a.m. to 4:00 p.m. (Singapore Time).

Shareholders/depositors in Singapore who may have substantial and relevant questions in relation to any item of the SGM Notice may submit such questions by emailing to the Company's designated email address at RSVP@boardroomlimited.com on or before 2:30 p.m. on 16 November 2020. Questions received after 2:30 p.m. on 16 November 2020 or questions not substantial or not relevant to the items stated in the SGM Notice will not be accepted for responses by the Board and/or the management. The Board and/or the management will endeavour to address substantial and relevant questions in relation to the resolutions to be tabled for approval at the SGM and may decide, at their discretion, which questions to respond to.

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If a shareholder/depositor in Singapore wishes to exercise his/her/its voting rights at the SGM, he/she/it shall appoint the Chairman of the SGM as his/her/its proxy to attend and vote on his/her/its behalf at the SGM. Hard copies of the Singapore Proxy Form/Depositor Proxy Form, together with the SGM Notice and the circular will be despatched to shareholders/depositors on 30 October 2020. In appointing the Chairman of the SGM as proxy, a shareholder/depositor must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the SGM as proxy for that resolution will be treated as invalid. The instrument of appointing the Chairman of the SGM as proxy can be sent by post to the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for shareholders/depositors in Singapore), not later than forty-eight (48) hours before the time appointed for the SGM.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the SGM as proxy to attend, speak and vote at the SGM and/or any adjournment thereof, (b) completing the pre-registration in the manner as aforesaid, or (c) submitting any question prior to the SGM in the manner as aforesaid, a shareholder/depositor in Singapore consents to the collection, use and disclosure of the shareholder/depositor's personal data by the Company (or its agents or service providers) for the following purposes:

- (a) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the SGM as proxy for the SGM (including any adjournment thereof);
- (b) processing of the pre-registration for the purposes of granting access to shareholders/depositors to the live audio-visual webcast or live audio-only stream of the SGM proceedings and providing them with any technical assistance where necessary;
- (c) addressing substantial and relevant questions from shareholders/depositors received before the SGM and if necessary, following up with the relevant shareholders/depositors in relation to such questions;
- (d) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the SGM (including any adjournment thereof); and
- (e) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Shareholders/depositors in Singapore should also note that the Company may be required to make further changes to its arrangements for the SGM as the situation evolves, and should keep abreast of the Company's announcements that may be made from time to time on the websites of the Company, the Hong Kong Stock Exchange and the SGX-ST.

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PRECAUTIONARY MEASURES FOR THE SGM IN HONG KONG

To prevent and control the spread of Coronavirus disease 2019 pandemic (COVID-19), the Company will implement the following precautionary measures:

- (i) mandatory body temperature screening at the entrance of the meeting venues for each attendee. Any person with a body temperature over 37.5°C shall not be permitted to enter the meeting venues;
- (ii) compulsory use of surgical face masks;
- (iii) no distribution of corporate souvenirs/gifts or refreshments; and
- (iv) appropriate distancing and spacing between seats.

Any attendee who does not comply with the precautionary measures or is subject to quarantine with any flu-like symptoms, who has had close contact with any person under quarantine, or has travelled overseas within 14 days immediately before the SGM shall not be permitted to enter the meeting venue. All shareholders of the Company are strongly encouraged to appoint the Chairman of the SGM as his/her/its proxy as an alternative to attending the SGM in person.

To the extent permitted under law, the Company reserves the right to deny entry into the meeting venue or require any person to leave the meeting venue in order to ensure the safety of the attendees at the SGM.

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Open Offer which is indicative only and may be extended or varied by agreement between the Company and the Underwriter, and subject to the approval by the Hong Kong Stock Exchange and the SGX-ST of such amendments. Any consequential changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

All times in this circular refer to Hong Kong time unless otherwise specified.

For Shareholders interested in Shares quoted on the Hong Kong Stock Exchange

Latest time for lodging transfer of the Shares in order to be qualified for attending the SGM	4:30 p.m. Thursday, 12 November 2020
Record date for determining entitlement to attend the SGM	Thursday, 12 November 2020
Latest time for lodging proxy forms for the SGM	10:30 a.m. Monday, 16 November 2020
Time and date of the SGM	10:30 a.m. Wednesday, 18 November 2020
Announcement of the results of the SGM	Wednesday, 18 November 2020
Effective date of the Capital Reorganisation and Change in Board Lot Size	Friday, 20 November 2020
Original counter for trading in Shares in board lots of 1,000 Shares each becomes counter for trading in Shares in board lots of 20,000 Shares each	Friday, 20 November 2020
First day for free exchange of share certificates	Friday, 20 November 2020
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Shares	Friday, 20 November 2020
Last day of dealings in the Shares on a cum-entitlement basis	Friday, 20 November 2020
Commencement of dealings in the Shares on an ex-entitlement basis	9:00 a.m. Monday, 23 November 2020
Latest time for lodging transfer of the Shares in order to be qualified for the Open Offer	4:30 p.m. Tuesday, 24 November 2020
Closure of register of members to determine the eligibility of the Open Offer	Wednesday, 25 November 2020 to Tuesday, 1 December 2020 (both dates inclusive)

EXPECTED TIMETABLE

Record Date for the Open Offer	Wednesday, 25 November 2020
Register of members re-opens	Wednesday, 2 December 2020
Despatch of the Prospectus Documents	Thursday, 3 December 2020
Last day for designated broker to stand in the market to provide matching services for the sale and purchase of odd lots of Shares	Thursday, 17 December 2020
Latest time for application and payment for, the Offer Shares and excess Offer Shares	4:00 p.m. Friday, 18 December 2020
Latest time for termination of the Underwriting Agreement	4:00 p.m. Monday, 28 December 2020
Last day for free exchange of share certificates	Tuesday, 29 December 2020
Announcement of results of the Open Offer	Monday, 4 January 2021
Refund cheques for wholly and partially unsuccessful applications for excess Offer Shares expected to be posted on or before	Tuesday, 5 January 2021
Certificates for the Offer Shares expected to be despatched on or before	Tuesday, 5 January 2021
Dealings in Offer Shares commence	9:00 a.m. Wednesday, 6 January 2021

Note: All references to time in the above timetable are references to Hong Kong time.

For Shareholders interested in Shares quoted on the SGX-ST

Latest time for lodging proxy forms for the SGM	10:30 a.m. Monday, 16 November 2020
Time and date of the SGM	10:30 a.m. Wednesday, 18 November 2020
Announcement of the results of the SGM	Wednesday, 18 November 2020
Announcement of notice of Record Date	Wednesday, 18 November 2020
Effective date of the Capital Reorganisation	Friday, 20 November 2020
Last day of dealings in the Shares on a cum-entitlement basis	Monday, 23 November 2020
Commencement of dealings in the Shares on an ex-entitlement basis	9:00 a.m. Tuesday, 24 November 2020

EXPECTED TIMETABLE

Record Date for the Open Offer	Wednesday, 25 November 2020
Despatch of AREs	Thursday, 3 December 2020
Latest time for application and payment for, the Offer Shares and excess Offer Shares	4:00 p.m. Friday, 18 December 2020
Latest time for termination of the Underwriting Agreement	4:00 p.m. Monday, 28 December 2020
Announcement of results of the Open Offer	Monday, 4 January 2021
Refund cheques for wholly and partially unsuccessful applications for excess Offer Shares expected to be posted on or after	Wednesday, 6 January 2021
New shares to be credited into securities accounts of successful applicants on or after	Wednesday, 6 January 2021
Dealings in Offer Shares commence	9:00 a.m. Wednesday, 6 January 2021

Note: All references to time in the above timetable are references to Singapore time.

Effect of bad weather on the latest time of application of and payment for the Open Offer and excess Offer Shares in Hong Kong

If there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning; or
- “extreme conditions” caused by super typhoons
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 18 December 2020, the latest time for application of and payment for the Offer Shares will not take place at 4:00 p.m. on Friday, 18 December 2020, but will be extended to 5:00 p.m. on the same day instead; and
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 18 December 2020, the latest time for application of and payment for the Offer Shares will not take place on Friday, 18 December 2020, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for application of and payment for the Offer Shares does not take place on Friday, 18 December 2020, the dates mentioned above in this circular may be affected. An announcement will be made by the Company in such event as is necessary.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement issued by the Company on 24 July 2020 in respect of, among other matters, the Capital Reorganisation and the Open Offer
“Application Form(s)”	the form(s) of application in respect of the Offer Shares to be issued to the Qualifying Shareholders (other than the Entitled Depositors)
“ARE(s)”	application form(s) for Offer Shares and excess Offer Shares to be issued to the Entitled Depositors in respect of their assured allotment and application of Offer Shares
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bermuda Companies Act”	The Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
“Board”	Board of Directors of the Company
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Bye-laws”	the Bye-laws of the Company from time to time as amended, supplemented or modified for the time being
“Capital Reduction”	the proposal for the reduction of the par value of the issued Shares from US\$0.06 to US\$0.001 each by cancelling US\$0.059 of the paid-up capital on each issued Share
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company by way of (i) the Capital Reduction; (ii) the Share Premium Account Reduction; and (iii) the Share Subdivision
“Capital Reorganisation Effective Date”	the second Business Day following the date on which the Capital Reorganisation is approved by the Shareholders at the SGM, or such other date as the Directors may determine
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CDP”	The Central Depository (Pte) Limited

DEFINITIONS

“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Hong Kong Stock Exchange from 1,000 Shares to 20,000 Shares
“Company”	Courage Investment Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are primarily listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1145) and secondarily listed on the Main Board of the SGX-ST (stock code: CIN)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Depositors”	the persons with Shares entered against their names on the Depository Register maintained by CDP, including an account holder or a depository agent but not including a sub-account holder
“Director(s)”	director(s) of the Company
“dwt”	dead weight tonnage
“Entitled Depositors”	Depositors with Shares standing to the credit of their securities accounts with CDP and whose registered addresses with CDP are in Singapore, Hong Kong, the British Virgin Islands, the Philippines, the PRC or Taiwan (or such other jurisdiction(s) which the Directors, based on legal opinions provided by legal advisers of the Company, consider not necessary or expedient to be excluded from participating in the Open Offer) as at the Record Date or who have provided CDP with addresses in Singapore, Hong Kong, the British Virgin Islands, the Philippines, the PRC or Taiwan (or such other jurisdiction(s) which the Directors, based on legal opinions provided by legal advisers of the Company, consider not necessary or expedient to be excluded from participating in the Open Offer) for the service of notices and documents not later than 5:00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Record Date
“EAF(s)”	the form of application for use by the Qualifying Shareholders (other than the Entitled Depositors) who wish to apply for excess Offer Shares

DEFINITIONS

“Excluded Overseas Shareholders”	the Overseas Shareholder(s) whom the Directors, based on legal opinions provided by legal advisers of the Company, consider it necessary or expedient to be excluded from participating in the Open Offer on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Company comprising all Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho, to advise the Independent Shareholders in respect of the Open Offer
“Independent Financial Adviser”	Donvex Capital Limited, a corporation licensed to conduct type 6 regulated activities as defined under the SFO, the independent financial adviser appointed to make recommendation to the Independent Board Committee and the Independent Shareholders on the terms of the Open Offer
“Independent Shareholders”	Shareholder(s) who are not required to abstain from voting on the ordinary resolution approving the Open Offer at the SGM under the Listing Rules
“Irrevocable Undertaking”	the irrevocable undertaking dated 24 July 2020 referred to in the section headed “The Irrevocable Undertaking” in this circular executed by Success United
“Last Trading Day”	Friday, 24 July 2020, being the last trading day before the release of the Announcement
“Latest Practicable Date”	21 October 2020, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Latest Time for Termination”	being the fifth Business Day after the latest time for subscription of, and payment for, the offer of Offer Shares as described in the Prospectus, currently being 4:00 p.m. on Monday, 28 December 2020

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Market Day(s)”	a day on which the SGX-ST is open for trading in securities
“Offer Share(s)”	548,851,784 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Open Offer, assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date
“Open Offer”	the proposed issue by the Company of the Offer Shares by way of open offer to the Qualifying Shareholders on the basis of an allotment of one (1) Offer Share for every one (1) existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents which have been summarised in this circular
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong and Singapore and Depositors whose registered addresses with CDP on the Record Date are outside Hong Kong and Singapore
“Posting Date”	Thursday, 3 December 2020 or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Overseas Shareholders for information only
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus in respect of the Open Offer to be despatched to Shareholders on the Posting Date in connection with the Open Offer
“Prospectus Documents”	(i) the Prospectus and (ii) (in the case of the Qualifying Shareholders who are not Entitled Depositors) the Application Form(s) and the EAFs or (in the case of the Entitled Depositors) the Instruction Booklet(s) and the ARE(s), and for the avoidance of doubt, for the purpose of registration with the Registrar of Companies, “Prospectus Documents” shall mean Prospectus, Application Form and EAF only
“Qualifying Shareholder(s)”	Shareholder(s) other than the Excluded Overseas Shareholders
“Record Date”	the date on which entitlements to the Open Offer will be determined, currently being Wednesday, 25 November 2020

DEFINITIONS

“S\$”	Singapore dollars, the lawful currency of Singapore
“Securities Account”	a securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a depository agent
“SFA”	Securities and Futures Act (Cap. 289) of Singapore
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Wednesday, 18 November 2020 at 10:30 a.m., for the purpose of considering and, if thought fit, approving the resolutions as set out in the SGM Notice
“SGM Notice”	notice of the SGM which is set out on pages SGM-1 to SGM-5 of this circular
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary shares in the issued share capital of the Company having a par value of US\$0.06 each as of the Latest Practicable Date prior to the Capital Reorganisation Effective Date, or ordinary shares with a par value of US\$0.001 each in the capital of the Company on and after the Capital Reorganisation Effective Date, as the case may be
“Shareholder(s)”	holder(s) of the Shares
“Share Premium Account Reduction”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company
“Share Subdivision”	the proposal for the sub-division of each unissued Share of US\$0.06 in the authorised share capital of the Company into 60 Shares of US\$0.001 each immediately following the Capital Reduction
“Special Resolution”	a resolution passed by Shareholders holding three-fourths of the voting rights of those present and voting in person or by proxy at a meeting of Shareholders
“sub-account holder”	a holder of an account maintained with a depository agent
“Subscription Price”	the subscription price for the Offer Shares, being HK\$0.13 per Offer Share

DEFINITIONS

“Substantial Shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Sub-underwriter(s)”	the sub-underwriters to the Open Offer, namely (i) Ever Joy Securities Limited; (ii) Imagi Brokerage Limited; (iii) Win Wind Securities Limited; and (iv) Planetree Securities Limited, which are independent of the Company and its connected persons
“Success United”	Success United Development Limited, a company incorporated in the British Virgin Islands, and a Shareholder holding approximately 28.79% of all the issued Shares as at the Latest Practicable Date
“Underwriter”	Get Nice Securities Limited, a licensed corporation to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 24 July 2020 entered into between the Company and the Underwriter in relation to the Open Offer (as supplemented by a letter dated 19 October 2020 in relation to the revised timetable for the Open Offer)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

The terms “depository agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any reference in this circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the SFO, the SFA, the Listing Rules or any statutory modification thereof and not otherwise defined in this circular shall, where applicable, have the same meaning assigned to it under the SFO, the SFA, the Listing Rules or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this circular shall be a reference to Hong Kong time unless otherwise stated.

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

For illustration purpose, the exchange rate of approximately US\$1 = HK\$7.80 and S\$1 = HK\$5.60 is used throughout this circular. The aforesaid exchange rates do not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (a) there develops, occurs, exists or comes into force any event whereby in the reasonable opinion of the Underwriter, the success of the Open Offer or the business or financial condition or prospects of the Group would, might be or is likely to be adversely affected or which makes it inadvisable or inexpedient to proceed with the Open Offer, including:-
 - (i) the introduction of any new law or regulation or any change in existing laws or regulations (or any change in the judicial interpretation thereof) whether in Hong Kong or elsewhere; or
 - (ii) any change or deterioration (whether or not permanent) in local, national or international, economic, financial, political or military conditions or any event beyond the control of the Company (including, without limitation, acts of government, strikes, wars, acts of violence, acts of terrorism, sabotage, raids, attacks, explosion, flooding, civil commotion, terrorist attack, acts of God or accident); or
 - (iii) any change or deterioration (whether or not permanent) in local, national or international securities market conditions; or
 - (iv) without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Hong Kong Stock Exchange due to exceptional financial or political circumstances or otherwise; or
 - (v) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict; or
 - (vi) any suspension in the trading of Shares on the Hong Kong Stock Exchange for a continuous period of ten Business Days (save and except for any temporary suspension of dealing for a period not exceeding ten consecutive Business Days pending the publication of the Announcement or any public announcement or circular by the Company as may be required by the Hong Kong Stock Exchange and/or the Securities and Futures Commission); or
 - (vii) a change or development involving a prospective change in taxation or exchange control in Hong Kong, Singapore or elsewhere which will or may materially and adversely affect the Group or the present or prospective shareholders of the Company in their capacity as such; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (viii) any material adverse change in the circumstances of the Company or any member of the Group (including, without limitation, the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group); or
- (b) there comes to the notice of the Underwriter or the Underwriter shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under the Underwriting Agreement have not been complied with in any respect; or
- (c) there comes to the notice of the Underwriter or the Underwriter shall have reasonable cause to believe that any of the representations or warranties given by the Company under the Underwriting Agreement was untrue or inaccurate in any respect which adversely affect the success of the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Open Offer will not proceed if the Underwriter exercises its rights to terminate the Underwriting Agreement.

LETTER FROM THE BOARD



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)

Non-executive Director:

Mr. Sue Ka Lok (*Chairman*)

Executive Directors:

Ms. Wang Yu

Ms. Sin Pui Ying

Independent Non-executive Directors:

Mr. Zhou Qijin

Mr. Pau Shiu Ming

Mr. Tsao Hoi Ho

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Office:

Room 2113, 21st Floor

Great Eagle Centre

23 Harbour Road

Wanchai, Hong Kong

30 October 2020

To the Shareholders:

Dear Sir or Madam,

- (1) PROPOSED CAPITAL REORGANISATION INVOLVING
CAPITAL REDUCTION AND SHARE PREMIUM ACCOUNT
REDUCTION AND SHARE SUBDIVISION;**
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
**(3) PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE
FOR EVERY ONE SHARE HELD ON THE RECORD DATE
PAYABLE IN FULL ON APPLICATION;**
AND
(4) NOTICE OF SPECIAL GENERAL MEETING

A. INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) information regarding the Capital Reorganisation, the Change in Board Lot Size, the Open Offer, the Underwriting Agreement and the respective transactions thereunder; (ii) the recommendation from

LETTER FROM THE BOARD

the Independent Board Committee; (iii) the advice from the Independent Financial Adviser; (iv) financial information of the Group; (v) other information required under the Listing Rules; and (vi) the notice of the SGM.

(I) The Capital Reorganisation

The Board proposes to put forward to the Shareholders the Capital Reorganisation proposal which will involve the following:

- (i) the reduction of issued share capital of the Company whereby the par value of each issued Share will be reduced from US\$0.06 to US\$0.001 by cancelling US\$0.059 of the paid-up capital on each issued Share;
- (ii) immediately following the Capital Reduction, the sub-division of each unissued Share of US\$0.06 in the authorised share capital of the Company into 60 Shares of US\$0.001 each so that immediately following the Capital Reduction and the Share Subdivision, the authorised share capital of the Company shall become US\$180,000,000 divided into 180,000,000,000 Shares of US\$0.001 each;
- (iii) the Share Premium Account Reduction, being the reduction of the entire amount standing to the credit of the share premium account of the Company. As at 31 December 2019, the Company had a credit balance of approximately US\$42,449,000 standing in its share premium account;
- (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 and to authorise the Directors 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 and all applicable laws. As at 31 December 2019, the total accumulated loss of the Company was approximately US\$33,802,000.

The Capital Reorganisation is subject to the approval by Special Resolution of the Shareholders on a vote to be taken by way of poll at the SGM.

(II) Change in Board Lot Size

The Board also proposes to change the board lot size for trading in the Shares quoted and traded on the Hong Kong Stock Exchange from 1,000 Shares to 20,000 Shares upon the Capital Reorganisation becoming effective.

LETTER FROM THE BOARD

(III) Proposed Open Offer

Conditional upon, among other things, the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$71.35 million before expenses (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date) by way of the 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 Share held on the Record Date which is payable in full on application. The Subscription Price is agreed after arm's length negotiations between the Company and the Underwriter.

In line with the Group's corporate development strategy of expanding the scale of its marine transportation business, the Group has been seeking investment opportunities to increase the carrying capacity of its dry bulk fleet through acquisition of additional vessel(s). Currently, the Company is identifying the opportunities to acquire a second hand Supramax dry bulk carrier with carrying capacity of approximately 57,000 dwt with a view to expand its fleet which at present comprises three Supramax vessels with total carrying capacity of approximately 171,000 dwt.

The net proceeds of the Open Offer is estimated to be approximately HK\$67.69 million (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date). The Board believes that such proceeds can provide immediate liquidity to the Company, and thereby allowing the Company to promptly secure acquisition opportunities once suitable vessel(s) is/are identified. Before proceeding with the acquisition of vessel, the Company intends to utilise approximately HK\$22 million of the net proceeds to repay the Group's existing bank revolving loan to achieve immediate savings in finance costs, while the remainder of the proceeds from the Open Offer will be used as working capital of the Group and/or for the acquisition of vessel if and when the acquisition materialises.

The Open Offer is fully underwritten by the Underwriter and is subject to the fulfilment of the conditions set out below under the paragraph headed "Conditions of the Open Offer". In particular, the Open Offer is subject to the Capital Reorganisation becoming effective and the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares from the date of this circular up to the date when the conditions of the Open Offer are fulfilled and/or the Latest Time for Termination will bear the risk that the Open Offer does not become unconditional and may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If in any doubt, investors should consider obtaining professional advice.

B. GENERAL

The Company has established the Independent Board Committee, comprising all the Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho, to advise the Independent Shareholders in respect of the Open Offer and the transactions contemplated thereunder and as to the voting action therefor.

LETTER FROM THE BOARD

Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the respective transactions contemplated thereunder. The appointment of Donvex Capital Limited has been approved by the Independent Board Committee.

Subject to fulfilment of the conditions of the Open Offer including the approval of the Independent Shareholders at the SGM and upon the Capital Reorganisation becoming effective, the Company will despatch the Prospectus Documents to the Qualifying Shareholders as soon as practicable whereas the Prospectus will be despatched to the Excluded Overseas Shareholders for information only.

The Qualifying Shareholders will include Depositors with Shares standing to the credit of their Securities Accounts with CDP and whose registered addresses with CDP are in Singapore, Hong Kong, the British Virgin Islands, the Philippines, the PRC or Taiwan as at the Record Date or who have provided CDP with addresses in Singapore, Hong Kong, the British Virgin Islands, the Philippines, the PRC or Taiwan for the service of notices and documents not later than 5:00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Record Date.

C. PROPOSED CAPITAL REORGANISATION INVOLVING CAPITAL REDUCTION, SHARE PREMIUM ACCOUNT REDUCTION AND SHARE SUBDIVISION

The Board proposes to put forward to the Shareholders the Capital Reorganisation proposal which will involve the following:

- (i) the reduction of issued share capital of the Company whereby the par value of each issued Share will be reduced from US\$0.06 to US\$0.001 by cancelling US\$0.059 of the paid-up capital on each issued Share;
- (ii) immediately following the Capital Reduction, the sub-division of each unissued Share of US\$0.06 in the authorised share capital of the Company into 60 Shares of US\$0.001 each so that immediately following the Capital Reduction and the Share Subdivision, the authorised share capital of the Company shall become US\$180,000,000 divided into 180,000,000,000 Shares of US\$0.001 each;
- (iii) the Share Premium Account Reduction, being the reduction of the entire amount standing to the credit of the share premium account of the Company. As at 31 December 2019, the Company had a credit balance of approximately US\$42,449,000 standing in its share premium account;
- (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 and to authorise the Directors to utilise any remaining credit balance in the contributed

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surplus account of the Company in such manner as may be determined by the Directors in accordance with the Bye-laws and all applicable laws. As at 31 December 2019, the total accumulated losses of the Company was approximately US\$33,802,000.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is US\$180,000,000 divided into 3,000,000,000 Shares of US\$0.06 each, of which 548,851,784 Shares are issued and credited as fully paid.

Upon the Capital Reorganisation becoming effective, the par value of all issued and unissued Shares will be reduced from US\$0.06 each to US\$0.001 each and the issued share capital of the Company will accordingly be reduced to US\$548,851,784 comprising 548,851,784 Shares of US\$0.001 each.

The credit of approximately US\$32,382,255 arising from the Capital Reduction and the credit arising from the Share Premium Account Reduction will be transferred to the contributed surplus account of the Company and applied to set off against the accumulated losses of the Company as permitted by the laws of Bermuda and the Bye-laws and the balance of the credit after such set off (if any) will remain at the contributed surplus account of the Company with the Directors having the authority to utilise such remaining balance in such manner as may be determined by the Directors in accordance with the Bye-laws and all applicable laws.

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will not have a material adverse effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the return of capital or cash to the Shareholders, nor will it result in any change in the relative rights of the Shareholders.

Reasons for the Capital Reorganisation

The main purpose for implementing the Capital Reorganisation is to (i) apply the credit arising from the Capital Reduction and the Share Premium Account Reduction to set off the accumulated losses of the Company; (ii) facilitate issue of new Shares; and (iii) provide flexibility for future dividend distribution plans.

The Directors are of the view that the expenses to be incurred in relation to the Capital Reorganisation will not have a material adverse effect on the financial position of the Group, and the Capital Reorganisation will not alter the underlying assets, business operations and management of the Company or the proportionate interests of the Shareholders in the Company.

Accordingly, the Directors consider the Capital Reorganisation to be in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-laws and the Bermuda Companies Act) is conditional upon:-

- (a) the passing of the relevant Special Resolution by the Shareholders on a vote taken by way of poll at the SGM to approve the Capital Reorganisation;
- (b) the Hong Kong Stock Exchange granting the listing of and permission to deal in Shares in the Company with a reduced par value of US\$0.001 each following the Capital Reorganisation; and
- (c) compliance with all relevant procedures and requirements under section 46(2) of the Bermuda Companies Act to effect the Capital Reorganisation, including (i) publication of a notice in relation to the Capital Reorganisation in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Capital Reorganisation is to take effect; and (ii) that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation, would be unable to pay its liabilities as they become due.

The Capital Reorganisation is expected to become effective on the Capital Reorganisation Effective Date. Application will be made to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, the Shares with a reduced par value of US\$0.001 each following the Capital Reorganisation. Subject to the granting of listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Shares on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

D. CHANGE IN BOARD LOT SIZE

The existing Shares are currently traded on the Hong Kong Stock Exchange in board lots of 1,000 Shares. The Company proposes to change the board lot size for Shares quoted and traded on the Hong Kong Stock Exchange from 1,000 Shares to 20,000 Shares upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.193 per Share as at the date of the Announcement and the existing board lot size of 1,000 Shares, the prevailing board lot value is HK\$193. In light of the guidance set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” published by the Hong Kong Exchanges and Clearing Limited, taking into account the basic transaction costs for securities trade, the board lot value should be greater than HK\$2,000. Based on the same price and assuming the Change in Board Lot Size has become effective, the new board lot value would be HK\$3,860. The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. The Board also

LETTER FROM THE BOARD

believes that the Change in Board Lot Size may save transaction and registration costs incurred by Shareholders and potential investors dealing in the Shares. The Board is therefore of the view that the Change in Board Lot Size is in the interests of the Company and its Shareholders as a whole.

Shareholders who are interested in Shares that are quoted on the SGX-ST should note that there will be no change in the board lot size of the Shares quoted on the SGX-ST.

The Change in Board Lot Size is conditional on the Capital Reorganisation becoming effective.

Odd Lot Arrangements

In order to facilitate the trading of odd lots of Shares arising from the Change in Board Lot Size, the Company has appointed Get Nice Securities Limited to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Friday, 20 November 2020 to Thursday, 17 December 2020 (both dates inclusive). Holders of odd lots of Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Mr. Larry Ng at Get Nice Securities Limited at 10/F., Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong (telephone no.: (852) 2526 7868) as soon as possible between 9:00 a.m. to 4:00 p.m. on any Business Day during such period. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

For the avoidance of doubt, no arrangements for trading of odd lots of Shares will be made for Depositors.

Free Exchange of Share Certificates

Subject to the Capital Reorganisation and the Change in Board Lot Size becoming effective, Shareholders may submit existing Share certificates in board lots of 1,000 Shares to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange for new share certificates for the Shares of par value of US\$0.001 each from Friday, 20 November 2020 to Tuesday, 29 December 2020, both dates inclusive, at the expense of the Company. Thereafter, the existing share certificates for the Shares of par value of US\$0.06 each will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Hong Kong Stock Exchange), for each new share certificate issued or each existing Share certificate submitted for cancellation, whichever the number of share certificates issued or cancelled is higher. The existing Share certificates will continue to be valid for delivery, trading and settlement purposes.

The new share certificates for the Shares of par value of US\$0.001 each will be issued in red colour in order to distinguish them from the existing blue colour.

For the avoidance of doubt, the exchange of share certificates will not apply to Depositors.

LETTER FROM THE BOARD

E. PROPOSED OPEN OFFER

The Open Offer is proposed to take place after the Capital Reorganisation becoming effective.

Issue statistics

Basis of Open Offer:	one Offer Share for every one Share held on the Record Date
Subscription Price:	HK\$0.13 per Offer Share
Number of Shares in issue as at the Latest Practicable Date	548,851,784 Shares
Number of Offer Shares:	548,851,784 Shares (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date) with an aggregate nominal value of US\$548,851,784, representing 100% of the existing issued Shares of the Company as at the Latest Practicable Date and 50% of the issued share capital of the Company as enlarged by the allotment and issuance of the Offer Shares
Total number of Shares in issue upon completion of the Open Offer:	1,097,703,568 Shares (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date)
Gross proceeds from the Open Offer before expenses:	approximately HK\$71.35 million (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date)
Net price of each Offer Share (i.e. Subscription Price less cost and expenses incurred in the Open Offer):	approximately HK\$0.123 per Offer Share
Record Date:	25 November 2020

The Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Subscription Price

The Subscription Price is HK\$0.13 (equivalent to approximately US\$0.017 or S\$0.023 per Offer Share), payable in full by a Qualifying Shareholder on application.

LETTER FROM THE BOARD

The Subscription Price represents:-

- (i) a discount of approximately 32.64% to the closing price of HK\$0.193 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day and same as the closing price of S\$0.023 per Share as quoted on the SGX-ST on that date;
- (ii) a discount of approximately 34.01% to the average closing price of approximately HK\$0.197 per Share for the last five trading days up to and including the Last Trading Day as quoted on the Hong Kong Stock Exchange and same as the average closing price of approximately S\$0.023 per Share as quoted on the SGX-ST for the same period;
- (iii) a discount of approximately 20.73% to the theoretical ex-rights price of approximately HK\$0.164 per Share determined based on the average closing price per Share as quoted on the Hong Kong Stock Exchange for the last five trading days prior to the Last Trading Day and same as the theoretical ex-rights price of approximately S\$0.023 per Share determined based on the average closing price per Share as quoted on the SGX-ST for the last five trading days prior to the Last Trading Day;
- (iv) a discount of approximately 78.75% to the audited net asset value per Share of approximately US\$0.080 as at 31 December 2019;
- (v) a discount of approximately 77.92% to the unaudited net asset value per Share of approximately US\$0.077 as at 30 June 2020;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 17.17% represented by the theoretical diluted price of HK\$0.164 per Share to the benchmarked price of approximately HK\$0.198 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price of the Shares on the Last Trading Day of HK\$0.193 per Share and the average closing price per Share as quoted on the Hong Kong Stock Exchange for the last five trading days prior to the Last Trading Day of approximately HK\$0.198 per Share); and
- (vii) A discount of 35.00% to the closing price of HK\$0.200 per Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date and same as the closing price of S\$0.023 per Share as quoted on the SGX-ST on that date.

The terms of the Open Offer, including the Subscription Price, were arrived at after arm's length negotiation between the Company and the Underwriter taking into account (i) the actual funding need of the Group, (ii) the market price of the Shares under the prevailing market conditions, and (iii) the financial position of the Group, as further particularised below:

Actual Funding Need of the Group

The Board determined the Subscription Price of HK\$0.13 with reference to the Group's actual funding need. It is expected that the gross proceeds of approximately HK\$71.35 million would be able to satisfy most if not the full amount of consideration for the acquisition of a

LETTER FROM THE BOARD

vessel. For further details on the proposed use of proceeds from the Open Offer, please refer to the section headed “E. PROPOSED OPEN OFFER - Reasons for the Open Offer and use of proceeds” in this letter.

Market price of the Shares under the prevailing market conditions

The Shares have been trading thinly and closing on the Hong Kong Stock Exchange in a rather volatile manner between HK\$0.136 and HK\$0.220 during the three month period ended 24 July 2020 (being the date of publishing the Announcement), i.e. approximately 62% fluctuation (i.e. $1 - (\text{HK\$}0.220 / \text{HK\$}0.136)$). The average closing price during this three month period is HK\$0.178 i.e. $((\text{HK\$}0.136 + \text{HK\$}0.220) / 2)$. As such, the Board considers the above benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.198 per Share to be anomalous. If the average closing price of HK\$0.178 for the last three months was adopted as the “benchmark price”, the Subscription Price of HK\$0.13 would represent a discount of 27.0% to the aforementioned benchmarked price of HK\$0.178.

The Subscription Price was set at a discount to the recent closing prices of the Shares as presented above with the aim to lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising the dilution impact to the Shareholders.

LETTER FROM THE BOARD

Financial position of the Group

Whilst the Subscription Price represents a deep discount to the net asset value per Share as presented in (iv) above, the Directors are of the view that the net asset value per Share may not be a meaningful reference to determine the Subscription Price as the Shares have been continuously traded below its net asset value. The table below shows the discount to net asset value based on the price of the Shares as at the end of each month since July 2019.

Month end	Share Price <i>HK\$</i>	Net asset value per share <i>HK\$</i>	Premium/ (Discount)
July 2019	0.27	0.6242 ⁽¹⁾	-56.74%
August 2019	0.243	0.6242 ⁽¹⁾	-61.07%
September 2019	0.197	0.6242 ⁽¹⁾	-68.44%
October 2019	0.2	0.6242 ⁽¹⁾	-67.96%
November 2019	0.23	0.6242 ⁽¹⁾	-63.15%
December 2019	0.244	0.6242 ⁽¹⁾	-60.91%
January 2020	0.212	0.6231 ⁽²⁾	-65.97%
February 2020	0.175	0.6231 ⁽²⁾	-71.91%
March 2020	0.174	0.6231 ⁽²⁾	-72.07%
April 2020	0.161	0.6231 ⁽²⁾	-74.16%
May 2020	0.186	0.6231 ⁽²⁾	-70.15%
June 2020	0.199	0.6231 ⁽²⁾	-68.06%
July 2020	0.177	0.6003 ⁽³⁾	-70.51%

Notes:

- (1) the calculation is based on dividing the unaudited net asset value as at 30 June 2019 by the number of Shares in issue as at 30 June 2019.
- (2) the calculation is based on dividing the audited net asset value as at 31 December 2019 by the number of Shares in issue as at 31 December 2019.
- (3) the calculation is based on dividing the unaudited net asset value as at 30 June 2020 by the number of Shares in issue as at 30 June 2020.

With reference to the discount of 70.51% as at the end of July 2020, the current 78.75% discount based on the Subscription Price of HK\$0.13 is comparable to the discounts of the month end closing price of the Share to the net asset value per Share as per the above table. The Directors consider that the determination of the Subscription Price should primarily be based on the market price of the Shares rather than net asset value because the market price of the Shares represents the actual sale value of the Shares that have been exchanged between willing buyers and sellers in an open market, whilst net asset value simply implies the value of total assets less the value of total liabilities of the Company according to its financial

LETTER FROM THE BOARD

statements. As such, the Directors consider that the market price of the Shares is a more accurate assessment of the perceived value of the Shares compared to the net asset value per Share.

In view of the above, and in order to maintain sufficient attractiveness of the Open Offer to encourage participation by Shareholders and comply with the maximum theoretical dilution effect of 25% permitted under Rule 7.27B of the Listing Rules, the Board therefore considers the Subscription Price of HK\$0.13 to be fair and reasonable and is in compliance with the requirements of the Listing Rules.

The Underwriter, which was previously appointed as the Group's placing agent for a placing of new shares under general mandate in January 2017, provided the Company with a quotation of 2% underwriting commission rate. Having considered the fact that the Underwriter may require more effort to identify potential investors who may have reservations about the prospects of the Group due to the following reasons, the Board is of the opinion that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole:

- (i) the prolonged impact on the global economy brought by the COVID-19 pandemic seriously hits the financial markets and investment sentiments, especially towards industries which are highly dependent on volume of international trade flows. As the performance of marine transportation industry is closely related to volume of international trade flows, it would be more difficult to solicit investors to invest in the Company through the Open Offer whose principal business is marine transportation service during COVID-19 pandemic period.

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- (ii) the potential investors may find the Open Offer less attractive in view of (a) the deterioration of profitability of the Group for the financial year ended 31 December 2019 and the six months ended 30 June 2020; and (b) the thin trading volume of the Shares from 24 July 2019 up to the Last Trading Day as illustrated below;

Month	Total trading volume traded <i>(No. of Shares)</i>	Number of trading days	Average daily trading volume <i>(No. of Shares)</i> <i>(Note 1)</i>	Percentage of the average daily trading volume over total number of issued Shares <i>(%)</i> <i>(Note 2)</i>
2019				
July (from 24 July to 31 July)	1,923,000	6	320,500	0.06
August	7,275,000	22	330,682	0.06
September	5,023,000	21	239,190	0.04
October	6,414,000	21	305,429	0.06
November	12,409,000	21	590,095	0.11
December	110,394,000	20	5,519,700	1.01
2020				
January	5,534,000	20	276,700	0.05
February	5,374,000	20	268,700	0.05
March	1,410,600	22	64,118	0.01
April	918,600	19	48,347	0.01
May	2,814,400	20	140,720	0.03
June	20,147,600	21	959,410	0.17
July (from 1 July to 23 July)	1,617,000	16	101,063	0.02

Source: the Hong Kong Stock Exchange's website

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume traded for the month/period by the number of trading days in the respective month/period.
2. The calculation is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.

The Offer Shares will be offered to all Qualifying Shareholders and each Qualifying Shareholder will be entitled to apply for up to all the Offer Shares in his/her/its assured allotment at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors (including the members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice of

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the Independent Financial Adviser) consider that the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (i) the Capital Reorganisation becoming effective;
- (ii) the Prospectus Documents being duly approved by the Directors, the signing by or on behalf of all of the Directors on or before the Posting Date of two copies of each of the Prospectus Documents and the certification by two Directors in the manner as mentioned in paragraph (iii) below of two copies of each of the Prospectus Documents and the delivery on or before the Posting Date of one such signed copy of each of the Prospectus Documents to the Underwriter;
- (iii) the delivery to the Hong Kong Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Prospectus Documents each duly certified in compliance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (and all other documents required to be attached thereto);
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the Prospectus marked “For information only” to the Excluded Overseas Shareholders (if any) in each case, on the Posting Date;
- (v) compliance by the Company of its document delivery obligations as specified in the Underwriting Agreement;
- (vi) the Listing Committee of the Hong Kong Stock Exchange and the SGX-ST granting listing of, and permission to deal in, the Offer Shares on the Hong Kong Stock Exchange and the SGX-ST respectively, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the dates specified in such approval and not having withdrawn or revoked such listings and permission on or before the Latest Time for Termination;
- (vii) if required, the Bermuda Monetary Authority granting its consent to the issue of the Offer Shares on or before the Posting Date; and
- (viii) the approval of the Open Offer and issue of the Offer Shares by resolution of the Independent Shareholders at the SGM.

The conditions precedent set out above are incapable of being waived.

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If the conditions precedent set out in the above paragraphs have not been satisfied in whole or in part by the Company on or before the Posting Date or in the event that the condition in paragraph (vi) above has not been satisfied on or before the Latest Time for Termination, the Underwriting Agreement will terminate and none of the parties thereto shall have any claim against the other save that all such reasonable costs, fees and other out of pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the underwritten Shares by the Underwriter shall to the extent agreed by the Company be borne by the Company. The Open Offer will accordingly not proceed in this case. The Irrevocable Undertaking will also lapse upon termination of the Underwriting Agreement.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Offer Shares in their fully-paid form.

Basis of allotment

One Offer Share for every one Share held as at the close of business on the Record Date.

Qualifying Shareholders

The Company will offer the Offer Shares for subscription to the Qualifying Shareholders (including Entitled Depositors) only. The Prospectus will be sent to the Excluded Overseas Shareholders for information only.

A Qualifying Shareholder must at the close of business on the Record Date:

- (i) be registered as a Shareholder of the Company or is an Entitled Depositor; and
- (ii) not be an Excluded Overseas Shareholder.

In order for a transferee to be registered as a Shareholder of the Company on the Record Date and to qualify for the Open Offer, the transferee must lodge a transfer of the Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong by 4:30 p.m. on Tuesday, 24 November 2020.

The address of the Company's Hong Kong branch share registrar and transfer office is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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Making of the Open Offer in Singapore

No prospectus or offer information statement

There will not be any prospectus or offer information statement registered or lodged in Singapore in connection with the Open Offer to Entitled Depositors as the Open Offer to Entitled Depositors will be a preferential offering made on a pro-rata non-renounceable basis to existing members of the Company pursuant to the exemption under s.273(1)(ce) of the Securities and Futures Act (Cap. 289) of Singapore, while the offer of the Offer Shares to the Underwriter (if applicable) will be made pursuant to the exemption under 273(1)(cc) of the Securities and Futures Act (Cap. 289) of Singapore.

Without limiting the generality of foregoing, there will not be a registration of the Prospectus notwithstanding the despatch of the Prospectus to Entitled Depositors.

As the Open Offer to Entitled Depositors is made on a non-renounceable basis, the provisional allotment of Offer Shares to Entitled Depositors cannot be renounced in favour of a third party or traded on the SGX-ST.

Notification under Section 309B of the SFA

The provisional allotments of Offer Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Depositors

Save as provided below, depositors having registered addresses outside of Singapore or Hong Kong who may wish to participate in the Open Offer may wish to provide an address in Singapore or Hong Kong for the service of notices and documents by notifying in writing, as the case may be, (i) The Central Depository (Pte) Limited at 9 North Buona Vista Drive #01-19/20, The Metropolis Tower 2, Singapore 138588 or (ii) Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 5:00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Record Date.

Depositors with Shares standing to the credit of their securities accounts with CDP and whose registered addresses with CDP are in the British Virgin Islands, the Philippines, the PRC or Taiwan as at the Record Date are Qualifying Shareholders and will be entitled to participate in the Open Offer.

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Instruction Booklet

Entitled Depositors will receive an instruction booklet to be issued by the Company in connection with the Open Offer to Entitled Depositors (“**Instruction Booklet**”) with the AREs for the Offer Shares and excess Offer Shares and other accompanying documents at their respective addresses. The Instruction Booklet contains the procedures for, and the terms and conditions applicable to, the acceptances of the provisional allotments of the Offer Shares and the applications for excess Offer Shares, including the different modes of acceptance or application and payment for the Entitled Depositors. Entitled Depositors who do not receive the Instruction Booklet and the AREs may obtain them from CDP during the period from the date the Open Offer commences up to the last date and time for acceptance and/or excess application and payment of the Offer Shares under the Open Offer.

Notwithstanding the above, Entitled Depositors and any other person having possession of the Instruction Booklet and its accompanying documents are advised to keep themselves informed of and to observe any legal requirements applicable thereto at their own expense and without liability to the Company or any other person involved in the Open Offer. No person in any territory outside Singapore receiving the Instruction Booklet and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Offer Shares unless such offer, invitation or solicitation can lawfully be made without violating any regulatory or legal requirements in such territories.

The Irrevocable Undertaking

Success United Development Limited, a Shareholder holding 157,995,066 Shares, representing approximately 28.79% of all the issued Shares as at the Latest Practicable Date, has on 24 July 2020 executed the Irrevocable Undertaking in favour of the Company and the Underwriter pursuant to which it has irrevocably and unconditionally undertaken to, (i) accept its entitlements to the allotment of 157,995,066 Offer Shares; (ii) not to sell or transfer the Shares held by it in any manner before the completion or lapse of the Open Offer; (iii) lodge its acceptance of its entitlements with the Company’s Hong Kong branch share registrar and transfer office, with payment in full thereof, in accordance with the instructions on the Application Form; and (iv) not to apply for any Offer Shares in excess of those allotted to it under the Open Offer.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Based on the register of Shareholders of the Company and Depository Register maintained by CDP as at the Latest Practicable Date, there were 35 Overseas Shareholders with registered addresses in Australia, the British Virgin Islands, Canada, Indonesia, Malaysia, New Zealand, the Philippines,

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the PRC, Taiwan and the United States of America. The table below sets out the number of Overseas Shareholder(s) with registered address(es) in each of these jurisdictions and their aggregate shareholding as at the Latest Practicable Date:

Jurisdiction	Number of Overseas Shareholder(s)	Number of Shares held in aggregate
Included in the Open Offer		
The British Virgin Islands	1	87,270,066
The Philippines	1	24,000
The PRC	1	240,000
Taiwan	6	128,160
	<hr/>	<hr/>
<i>Sub-total</i>	9	87,662,226
Excluded from the Open Offer		
Australia	4	9,600
Canada	1	15,000
Indonesia	1	300
Malaysia	18	286,600
New Zealand	1	1,500
The United States of America	1	6,000
	<hr/>	<hr/>
<i>Sub-total</i>	26	319,000
	<hr/>	<hr/>
Total	35	87,981,226
	<hr/> <hr/>	<hr/> <hr/>

The Company has been advised by legal advisors in Australia, Canada, Malaysia, New Zealand and the United States of America that under the applicable laws and regulations of these jurisdictions, (i) there are specific disclosure, approval, registration and/or filing requirements with respect to extending the Open Offer to Overseas Shareholders in the relevant jurisdictions; and (ii) the Company would need to follow certain procedures which the Directors consider to be impractical or burdensome to be exempt from such requirements. Given the potential costs and time involved to satisfy or obtain exemption from such requirements and there were only in aggregate of 25 Overseas Shareholders with registered addresses in the above countries as at the Latest Practicable Date, the Directors consider that the potential costs and time involved outweigh the potential benefit that would be made available to such Overseas Shareholders, and therefore, it is necessary or expedient and in the interests of the Company and the Shareholders as a whole not to offer the Offer Shares to Overseas Shareholders with registered addresses in Australia, Canada, Malaysia, New Zealand and the United States of America.

Based on the advice from the Company's Indonesian legal advisor, although the Open Offer would be exempt from all filing or registration requirements, any document or agreement relating to the Open Offer that the Indonesian Shareholder(s) would be required to sign must be translated into

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the Indonesian language in order to be valid and enforceable under the laws of Indonesia. Given there was only 1 Overseas Shareholder with registered address in Indonesia as at the Latest Practicable Date and the potential costs and time involved to translate the relevant application form(s) for subscription of the Offer Shares and excess Offer Shares which would be required to be signed by the Indonesian Shareholder(s) into the Indonesian language, the Directors consider that it is necessary or expedient and in the interests of the Company and the Shareholders as a whole not to offer the Offer Shares to Overseas Shareholder(s) with registered address(es) in Indonesia.

As at the Latest Practicable Date, the 26 Excluded Overseas Shareholder(s) with registered address(es) in Australia, Canada, Indonesia, Malaysia, New Zealand and the United States of America held in aggregate 319,000 Shares (representing approximately 0.06% of the number of total issued Shares).

The Company has been advised by legal advisors in the British Virgin Islands, the Philippines, the PRC and Taiwan that under the applicable legislations of these jurisdictions, either (i) there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Open Offer to the Overseas Shareholders in the relevant jurisdictions; or (ii) the Company meets the relevant exemption requirements under the relevant jurisdictions so that it will be exempted from obtaining approval from and/or registration of the Prospectus Documents with the relevant regulatory authorities under the applicable laws and regulations of the relevant jurisdictions.

In particular, considering that the Offer Shares are offered by the Company to fewer than 20 persons in the Philippines during the twelve-month period as of the Latest Practicable Date, the Open Offer is considered as an exempt transaction in the Philippines pursuant to Section 10.1(k) of the Securities Regulation Code.

Accordingly, the Open Offer will be extended to the Overseas Shareholders having registered addresses in the British Virgin Islands, the Philippines, the PRC or Taiwan and such Overseas Shareholders are Qualifying Shareholders. Depositors with Shares standing to the credit of their securities accounts with CDP and whose registered addresses with CDP are in the British Virgin Islands, the Philippines, the PRC or Taiwan as at the Record Date are Qualifying Shareholders and will be entitled to participate in the Open Offer.

As at the Latest Practicable Date, the 9 Overseas Shareholder(s) with registered address(es) in the British Virgin Islands, the Philippines, the PRC or Taiwan held in aggregate 87,662,226 Shares (representing approximately 15.97% of the number of total issued Shares).

THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE OF THE SECURITIES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The Company will send the Prospectus to the Excluded Overseas Shareholders for their information only. The Company will not send the application forms for subscription of the Offer Shares and excess Offer Shares to the Excluded Overseas Shareholders. Any Offer Shares

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representing the assured allotments to which the Excluded Overseas Shareholders would otherwise have been entitled under the Open Offer will be made available for subscription by the Qualifying Shareholders by means of the ARE and EAF. The Excluded Overseas Shareholders will be entitled to attend and vote at the SGM.

Closure of register of members

For Shareholders interested in Shares quoted on the Hong Kong Stock Exchange, the register of members of the Company will be closed from Wednesday, 25 November 2020 to Tuesday, 1 December 2020 (both dates inclusive) for the purpose of determining entitlement to the Open Offer. No transfers of Shares will be registered during this period.

Fractions of the Offer Shares

On the basis of allotment of one (1) Offer Share for every one (1) Share held on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

Application for excess Offer Shares

Qualifying Shareholders shall be entitled to apply for entitlement of Offer Shares created which are not taken up by other Qualifying Shareholders, as well as any Offer Shares representing the assured allotments to which the Excluded Overseas Shareholders would otherwise have been entitled under the Open Offer, in excess of their own assured allotments but are not assured of being allocated any Offer Shares in excess of those in their assured allotments. Application may be made by Qualifying Shareholders by completing the EAF (or in the case of the Entitled Depositors, the ARE) and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis as far as practicable, according to the principle that any excess Offer Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Offer Shares applied for by all such Qualifying Shareholders, and inform the Underwriter the number of underwritten Shares that it is required to take up (if any) after allocation of the excess Offer Shares.

For Entitled Depositors who wishes to accept his/her/its assured allotment of Offer Shares specified in the ARE, in full or in part, and (if applicable) apply for excess Offer Shares, the Entitled Depositors may do so through CDP, by completing and signing the relevant sections of the ARE. An Entitled Depositor should ensure that the ARE is accurately completed and signed, failing which the acceptance of the assured allotment of Offer Shares and (if applicable) application for excess Offer Shares may be rejected.

No preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares.

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As no odd lots of the Shares are expected to result from the Open Offer by itself based on the ratio of 1:1, no odd lot arrangement will be made to match the sales and purchases of odd lots in this respect. Nevertheless, odd lot arrangements to facilitate the trading of odd lots of Shares arising from the Change in Board Lot Size are available as set out on page 18 of this circular.

Any remaining Offer Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter, Sub-underwriters or subscriber(s) procured by them.

In the event that the Board notes unusual patterns of excess Offer Shares applications and has reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for excess Offer Shares may be rejected at the sole discretion of the Board.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Offer Shares will not be extended to the relevant beneficial owners individually. Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Open Offer. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Depositors will only be able to exercise their rights to accept and (if applicable) apply for excess Offer Shares via CDP. For and on behalf of the Company, CDP reserves the right to refuse to accept any acceptance(s) and (if applicable) excess application(s) if the ARE is not accurately completed and signed or if the “Free Balance” of your Securities Account is not credited with, or is credited with less than the relevant number of Offer Shares accepted as at the last time and date for acceptance, application and payment or for any other reason(s) whatsoever if the acceptance and (if applicable) the excess application is in breach of the terms of the ARE, at CDP’s absolute discretion, and to return all monies received to the person(s) entitled thereto **BY MEANS OF A CROSSED CHEQUE SENT BY ORDINARY POST**, as the case may be, (in each case) **AT HIS/HER/ITS OWN RISK** or in such other manner as he/she/it may have agreed with CDP for the payment of any cash distributions without interest or any share of revenue or other benefit arising therefrom (if he/she/it accepts and (if applicable) apply through CDP).

Share certificates for the Offer Shares and refund cheques

Subject to the fulfilment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders (excluding Entitled Depositors) who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Tuesday, 5 January 2021 by ordinary post at their own risk, save for the Entitled Depositors, where the share certificate in respect of the Offer Shares which they have accepted and applied (if applicable) and paid for will be issued and despatched to CDP, and their securities accounts or sub-accounts maintained with CDP credited with such Offer Shares. Refund cheques to the Qualifying Shareholders (excluding the Entitled Depositors) and the Entitled Depositors in respect of wholly or

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partially unsuccessful applications for excess Offer Shares are also expected to be posted on or before Tuesday, 5 January 2021 and on or after Wednesday, 6 January 2021 respectively by ordinary post to the applicants at their own risk.

The first day of dealing in the Offer Shares in their fully-paid form on the Hong Kong Stock Exchange and the SGX-ST is expected to commence at 9:00 a.m. on Wednesday, 6 January 2021.

Application for listing

The Company will apply to the Listing Committee of the Hong Kong Stock Exchange and the SGX-ST respectively for the listing of, and permission to deal in, the Offer Shares to be allotted and issued pursuant to the Open Offer.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Hong Kong Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares in board lots of 20,000 Shares, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Hong Kong Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

As the Company is secondarily listed on the SGX-ST, the Company has notified the SGX-ST of the Open Offer as required under Rule 217 of the SGX-ST listing rules and will need to further notify the SGX-ST of the decision of the Hong Kong Stock Exchange in respect of the listing of and permission to deal in the Offer Shares on the Hong Kong Stock Exchange in due course, for the purposes of facilitating the listing and quotation of the Offer Shares on the SGX-ST.

Reasons for the Open Offer and use of proceeds

The principal activity of the Company is investment holding and the principal activities of the Group are marine transportation, property holding and investment, investment holding and merchandise trading.

In line with the Group's corporate development strategy of expanding the scale of its marine transportation business, the Group has been seeking investment opportunities to increase the carrying capacity of its dry bulk fleet through acquisition of additional vessel(s). Currently, the Company is identifying the opportunities to acquire a second hand Supramax dry bulk carrier with carrying capacity of approximately 57,000 dwt with a view to expand its fleet which at present comprises three Supramax vessels with total carrying capacity of approximately 171,000 dwt. The Group has so far identified eight Supramax vessels as potential acquisition targets and is in the process of making evaluations based on their specifications including age, tonnage capacity, country of built and price.

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At present, the Group has not yet entered into any negotiation, memorandum of understanding or agreements in relation to the acquisition of the additional vessel. Based on the Board's current evaluation and depending on the vessel's specifications, the estimated capital requirement for a second hand Supramax vessel range from US\$7 million to US\$12 million (equivalent to approximately HK\$54.6 million to HK\$93.6 million). In the event that the acquisition of a Supramax vessel is materialised, the Group plans to finance such acquisition by (i) utilising part of the net proceeds from the Open Offer (as explained below); and (ii) raising a new long-term instalment loan from bank.

The net proceeds of the Open Offer is estimated to be approximately HK\$67.69 million (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date). The Board believes that such proceeds can provide immediate liquidity to the Company, and thereby allowing the Company to promptly secure acquisition opportunities once suitable vessel(s) is/are identified. The Company intends to utilise (i) approximately HK\$22 million of the net proceeds to repay the Group's existing bank revolving loan in the outstanding principal amount of approximately US\$2.8 million (equivalent to approximately HK\$22 million) upon completion of the Open Offer to achieve immediate savings in finance costs, and (ii) the remainder of the net proceeds from the Open Offer for the acquisition of the Supramax vessel if and when such acquisition materialises. However, if such acquisition does not materialise within 12 months from the completion of the Open Offer, the Company intends to apply approximately 50% of the remainder of the proceeds to its marine transportation business, approximately 40% to its investment holding business and approximately 10% for merchandise trading business as working capital which will be continually used and replenished in the course of operations of such business segments on an ongoing basis.

The full amount of the existing bank revolving loan expectedly to be repaid with part of the proceeds from the Open Offer is repayable on demand and the interest rate of the loan is HIBOR plus certain basis points, which was in the range of approximately 2% to 3.5% during the year ended 31 December 2019 whilst it is estimated that the interest rate of the new long-term instalment loan from bank or financial institution expectedly to be obtained by the Company to finance the possible acquisition of a Supramax vessel will be comparable to the weighted average interest rate of the Group's existing long-term instalment loans, being approximately 3.83%. Notwithstanding that the interest rate of the new long-term instalment loan to be raised to finance the acquisition of the vessel could be slightly higher than the existing bank revolving loan, the Board considered that the new long-term instalment loan is a more appropriate financing as, apart from interest rate, the Board is of the view that the financing tenor of the financing facility is also an important factor in determining the appropriate financing for the acquisition as the financing tenor of the financing facility should match with the intended term of usage of the vessel. As such, the Company intends to finance such acquisition (if it materialises) with the remaining net proceeds from the Open Offer and the new long-term instalment loan from bank if necessary as it would be a long-term investment which would be more appropriately financed by long-term debt instead of a revolving loan which is short-term in nature and renewable on an annual basis.

A mix of equity (i.e. the Open Offer) and debt (i.e. the long-term instalment loan) financing to achieve an optimal capital structure is a basic tenet of any prudent business strategy. In line with the Group's capital risk management strategy, the Group aims to manage its capital to ensure that entities in the Group will be able to continue as a going concern while maximising return to the Shareholders

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through the optimisation of debt and equity financing. Equity financing has some advantages over debt financing including that there is no obligation to repay the money raised and it creates no additional financial burden on the Group. However, the downside of equity financing is that it requires additional investments from existing Shareholders and shareholdings will be diluted for those who do not wish to participate in the Open Offer. As such, Shareholders do not generally prefer a large size equity fund raising exercise. Debt financing, on the other hand, does not pose such a burden on the Shareholders. However, debt financing would aggravate the already heavy interest burden of the Group as reflected by the decrease in the interest coverage ratio of the Group from 2.54 times for the financial year ended 31 December 2018 to 1.15 times for the corresponding period in 2019. Furthermore, it may be difficult for the Company to obtain sufficient debt financing to cover the entire amount of the estimated capital requirement for the vessel due to (a) the fact that approximately 88.1% of the non-current assets of the Group, including three vessels of approximately US\$33.5 million, an investment property of approximately US\$9.3 million and debt instruments of approximately US\$8.2 million, have already been pledged to banks and other financial institution as security for obtaining loan facilities as at 30 June 2020; and (b) the deteriorating financial performance of the Group as the Group's profit for the year has decreased from approximately US\$1.3 million for the financial year ended 31 December 2018 to approximately US\$0.2 million for the corresponding period in 2019 and turned to loss position for the six months ended 30 June 2020.

From the perspective of considering the investment return to Shareholders, if the operation of the Group is able to generate a higher rate of return than interest rate on the corresponding debt financing, such debt financing may enhance return to the Shareholders. The return on asset in respect of the Group's marine transportation operation, determined by projecting its profitable segment results for the six months ended 30 June 2020 (i.e. US\$1,110,000 x 2) over the carrying value of the Group's vessels as at 30 June 2020 (i.e. approximately US\$33,486,000), is 6.63%. Given that the return on asset (i.e. the Group's vessels) of 6.63% is greater than the weighted average interest rate of the Group's existing long-term instalment loans (i.e. raised for financing the holding of the vessels) of approximately 3.83%, a combination of equity financing and debt financing would be beneficial to the Group and in turn enhance return to the Shareholders.

The Board also considers that as compared to Share placements, the Open Offer provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Open Offer will enable all Shareholders to participate in the future development of the Group on equal terms. On the contrary, Share placements will only be available to certain placees who may not necessarily be the existing Shareholders and dilute the shareholding of existing Shareholders who do not have the right to participate in the Share placements. Since the Open Offer will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Open Offer as compared to Share placements.

The Board initially considered to conduct the present equity fund raising exercise by way of a renounceable rights issue instead of an open offer as a renounceable rights issue will provide an alternative to Shareholders to sell nil-paid rights if they do not wish to participate in the rights issue. However, as there will be additional timing, administrative and costs burden on the Company in light

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of the legal requirements under the Singapore securities law for a renounceable rights issue and due to the differences in trading arrangements between the Hong Kong Stock Exchange and SGX-ST, the Board has determined to conduct the Open Offer instead.

In terms of the additional burden associated with a renounceable rights issue, the Company understands that the following are relevant:-

- (a) The Company will need to prepare and lodge an offer information statement (akin to a prospectus) with the Monetary Authority of Singapore prior to the launch of a renounceable rights issue, which is not required if the rights issue were a preferential offering to existing shareholders only. Such offer information statement would also have to be despatched to the Entitled Depositors and the date of lodgement and despatch of such offer information statement has to be coordinated with the date of registration and despatch of the Prospectus in Hong Kong to ensure that information is disseminated equally to Shareholders in Hong Kong and Singapore.
- (b) The Company will have to set up a CDP securities account or sub-account with a depositary agent in Singapore to accept the nil-paid rights entitlements of Depositors who may not have registered addresses in Singapore, and who are hence not entitled to be offered the nil-paid rights entitlements. Compliance with know your client (KYC) procedures and other requirements in relation to the setting up of such account may take longer than normal to process due to the general business slowdown and/or disruptions caused by the COVID-19 outbreak disruption, and any delay in setting up of such account will delay the launch of the rights issue.
- (c) Even without a renounceable rights issue, the time-table for effecting and completing the rights issue in the case of the Company will take longer than normal due to, inter alia, different settlement periods in Singapore and Hong Kong (leading to different cum-entitlement and ex-entitlement dates), a longer time required for closing of books in Hong Kong for determining entitlements to the rights issue, and a longer period required by the SGX-ST and CDP to process and verify the applications of Entitled Depositors as the proceeds of the rights issue is to be denominated in Hong Kong dollars rather than Singapore dollars.
- (d) If the Company were to carry out a renounceable rights issue:
 - (i) the timetable will have to be extended to allow for trading and settlement of the nil-paid rights entitlements; and
 - (ii) as the period required for the commencement and end of trading in nil-paid rights entitlements for Entitled Depositors is longer than the period required for the commencement and end of trading in nil-paid rights entitlements for Hong Kong Shareholders, the timetable would have to be further adjusted to address such difference as well as to meet and align the other different timing requirements

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between Singapore and Hong Kong as aforesaid and also to ensure that the listing and quotation date of the Shares in Singapore and Hong Kong can fall on the same date.

F. UNDERWRITING AND SUB-UNDERWRITING ARRANGEMENTS IN RELATION TO THE OPEN OFFER

Underwriting Agreement

On 24 July 2020 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite by way of subscription of, or procuring subscribers to subscribe for, up to 390,856,718 Offer Shares assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date.

Principal Terms

Date: 24 July 2020 (as supplemented by a letter dated 19 October 2020 in relation to the revised timetable for the Open Offer)

Underwriter Get Nice Securities Limited

To the best knowledge and information of the Directors, after reasonable enquiries, the Underwriter is licensed under the SFO to conduct Type 1 regulated activity and its ordinary course of business includes underwriting of securities, and it is independent of and not connected with the Company or its connected persons.

Total number of Offer Shares to be underwritten by the Underwriter: Up to 390,856,718 Offer Shares assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date

Commission: The Underwriter will receive 2% of the aggregate Subscription Price in respect of the underwritten Offer Shares as underwriting commission

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market conditions.

The Directors (including the members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Underwriting

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Agreement, including the commission rate, are fair and reasonable, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

Terms in relation to the termination of the Underwriting Agreement are summarized in the section headed “Termination of the Underwriting Agreement” in this circular.

Sub-underwriting arrangements

As at the Latest Practicable Date, the Underwriter has procured the Sub-underwriters to take up a maximum aggregate of 390,856,718 Offer Shares (collectively, the “**Sub-underwritten Shares**”) under the respective sub-underwriting letters and confirmations of acceptance (the “**Sub-underwriting Letters**”). The table below sets out the details of the Sub-underwriters:

Name of the Sub-underwriters	Total number of Offer Shares being sub-underwritten by the Sub-underwriters
1. Ever Joy Securities Limited	99,856,718
2. Imagi Brokerage Limited	97,000,000
3. Win Wind Securities Limited	97,000,000
4. Planetree Securities Limited	97,000,000
Total	<u>390,856,718</u>

On 24 July 2020, the Underwriter and the Sub-underwriters entered into the respective Sub-underwriting Letters to sub-underwrite a maximum aggregate of 390,856,718 Offer Shares.

Pursuant to the Sub-underwriting Letters, subject to the terms and conditions thereof and of the Underwriting Agreement, the Announcement and the Prospectus Documents, the Sub-underwriters agreed to participate in a sub-underwriting of the Sub-underwritten Shares at the Subscription Price at a commission, which commission is payable only if and when the conditions of the Open Offer have been fulfilled or (as the case may be) waived by the Underwriter and the Underwriting Agreement has not otherwise been terminated or rescinded by the Underwriter in accordance with the terms thereof, and subject to the fulfilment of the Sub-underwriters’ obligations under the Sub-underwriting Letters.

If by the latest time for application and payment for the Offer Shares and excess Offer Shares (“**Latest Time for Application**”), all of the underwritten Shares have been validly applied for in accordance with the terms and conditions of the Prospectus Documents, and have been paid for by cheques or banker’s cashier orders which are honour on first presentation, the obligations of the Sub-underwriters thereunder will cease.

LETTER FROM THE BOARD

If, however, by the Latest Time for Application, any of the underwritten Shares have not been taken up, the Underwriter may, at its absolute discretion, call upon the Sub-underwriters to subscribe or procure subscriber(s) for such number of the Offer Shares as the Underwriter may specify in writing up to the amount of sub-underwriting participation of the respective Sub-underwriters as referred to above.

WARNING OF THE RISKS OF DEALING IN THE SHARES

THE OPEN OFFER IS SUBJECT TO CERTAIN CONDITIONS INCLUDING BUT NOT LIMITED TO THE APPROVAL OF THE OPEN OFFER BY THE INDEPENDENT SHAREHOLDERS AT THE SGM. IF THE APPROVAL OF THE OPEN OFFER BY THE INDEPENDENT SHAREHOLDERS AT THE SGM IS NOT OBTAINED, THE OPEN OFFER WILL NOT PROCEED.

ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER(S). ANY SHAREHOLDER OR OTHER PERSON DEALING IN THE SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS TO WHICH THE OPEN OFFER IS SUBJECT ARE FULFILLED WILL ACCORDINGLY BEAR THE RISK THAT THE OPEN OFFER MAY NOT PROCEED.

G. FUND RAISING ACTIVITY IN THE PRECEDING TWELVE-MONTH PERIOD

The Company had not conducted any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

H. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 548,851,784 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date to completion of the Open Offer other than the allotment and issue of Offer Shares pursuant to the Open Offer, the table below summarises, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Open Offer assuming full subscription of the Offer Shares by all Qualifying Shareholders; and (iii) immediately upon completion of the Open Offer assuming nil subscription of the Offer Shares by the Qualifying Shareholders save for those subscribed under the Irrevocable Undertaking and the Sub-underwriters take up all the remaining Offer Shares:

LETTER FROM THE BOARD

	As at the Latest Practicable Date		Immediately after the completion of the Open Offer (assuming all Offer Shares are subscribed by the Qualifying Shareholders)		Immediately after the completion of the Open Offer (assuming no Offer Share is subscribed by the Qualifying Shareholders save for those subscribed under the Irrevocable Undertaking and the Sub-underwriters take up all the remaining Offer Shares)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Success United	157,995,066	28.79	315,990,132	28.79	315,990,132	28.79
<i>Public Shareholders</i>						
- Underwriter	-	-	-	-	-	-
- Sub-underwriters						
Ever Joy Securities Limited	-	-	-	-	99,856,718	9.09
Imagi Brokerage Limited	-	-	-	-	97,000,000	8.84
Win Wind Securities Limited	-	-	-	-	97,000,000	8.84
Planetree Securities Limited	-	-	-	-	97,000,000	8.84
- Other public Shareholders	390,856,718	71.21	781,713,436	71.21	390,856,718	35.60
<i>Sub-total</i>	390,856,718	71.21	781,713,436	71.21	781,713,436	71.21
Total	548,851,784	100.00	1,097,703,568	100.00	1,097,703,568	100.00

Notes:

1. As at the Latest Practicable Date, the Underwriter has procured four Sub-underwriters to sub-underwrite for a maximum aggregate of 390,856,718 Offer Shares. For further details, please refer to the section headed “F. UNDERWRITING AND SUB-UNDERWRITING ARRANGEMENTS IN RELATION TO THE OPEN OFFER – Sub-underwriting arrangements” in this letter.
2. Pursuant to the Underwriting Agreement, in the event that the Underwriter is required to take up any underwritten Offer Shares pursuant to its underwriting obligations:–
 - (i) the Underwriter shall ensure (a) that the subscribers for any underwritten Shares (collectively the “**Relevant Subscribers**”) are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules), or acting in concert with the Directors, chief executive or Substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates and (b) that no such Relevant Subscriber shall be procured if allotment and issue of any Offer Shares to it would result in it and persons acting in concert with it, when aggregated with the total number of Shares (if any) already held by them, holding 30% or more of the enlarged issued share capital of the Company immediately after completion of the Open Offer;
 - (ii) the Underwriter will not, and shall procure the Sub-underwriters, subscribers and their respective associates shall not, together with any party acting in concert with it or its associates, hold 10% or more of the voting rights of the Company immediately upon completion of the Open Offer;

LETTER FROM THE BOARD

- (iii) the Underwriter undertakes that in the event that the Underwriter or the Sub-underwriters is required to take up the Offer Shares pursuant to their underwriting/sub-underwriting obligations, (a) the Underwriter will not and shall procure that the Sub-Underwriters will not, whether by itself or together with the parties acting in concert with it (if any), own 30% or more of the enlarged issued share capital of the Company immediately after the Open Offer; and (b) the Underwriter shall and shall cause the Sub-underwriters to procure independent placees to take up such number of Offer Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with; and
- (iv) the Underwriter will not (whether directly or indirectly) make any offer to any person in Singapore, nor invite or solicit any person in Singapore to make any offer in respect of any of the underwritten Shares.

Shareholders and potential investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Open Offer are subject to various factors, including the results of subscription of the Open Offer.

I. LISTING RULES IMPLICATIONS

The Capital Reorganisation is subject to the approval by Special Resolution of the Shareholders on a vote to be taken by way of poll at the SGM.

In accordance with Rule 7.24A(1) of the Listing Rules, the Open Offer must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding the Independent Non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Open Offer.

As at the Latest Practicable Date, the Company has no controlling Shareholder and none of its Directors or chief executive or their respective associates is interested in any Shares. Accordingly, no Shareholder is required to abstain from voting in favour of the Open Offer at the SGM.

J. SPECIAL GENERAL MEETING

The SGM, notice of which is set out on pages SGM-1 to SGM-5 of this circular, will be held at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Wednesday, 18 November 2020 at 10:30 a.m. for the purposes of considering and, if thought fit, passing with or without any modifications, the resolutions as set out in the SGM Notice.

For Shareholders in Hong Kong, in order to be eligible to attend and vote at the SGM, all unregistered holders of the Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 November 2020. Any unregistered holders of the Shares who have not lodged the relevant transfer documents and share certificates before the aforesaid time will not be entitled to attend and vote at the SGM.

LETTER FROM THE BOARD

K. ACTION TO BE TAKEN BY SHAREHOLDERS

Singapore

If a Shareholder wishes to appoint a proxy to vote on his behalf, he should complete, sign and return the accompanying Singapore proxy form (“**Singapore Proxy Form**”) in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company’s Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time fixed for the SGM. Please note that this paragraph is only applicable to Shareholders who do not hold Shares through an account with CDP (i.e. who hold Shares in scrip).

Under the Bermuda Companies Act, only a person who agrees to become a shareholder of a Bermuda Company and whose name is entered in the register of members of such a Bermuda company is considered a member with rights to attend and vote at general meetings of such company.

Accordingly, under Bermuda law, a Depositor holding Shares through the CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the SGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Bye-laws and the Bermuda Companies Act.

Pursuant to Bye-law 77(1)(b) of the Bye-laws, unless the CDP specifies otherwise in a written notice to the Company, the CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of the CDP as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the CDP to the Company as the CDP’s proxies to vote on behalf of the CDP at a general meeting of the Company. Notwithstanding any other provisions in the Bye-laws, the appointment of proxies by virtue of Bye-law 77(1)(b) shall not require an instrument of proxy or the lodgement of any instrument of proxy.

A Depositor who wishes to vote at the SGM must complete and return the accompanying Depositor proxy form (“**Depositor Proxy Form**”), for the nomination of the Chairman of the SGM to attend and vote at the SGM on his behalf as CDP’s proxy, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company’s Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time fixed for the SGM or any adjourned meeting (as the case may be).

In light of the COVID-19 situation in Singapore, your attention is drawn to the section headed “Alternative Arrangements for Participation by Shareholders or Depositors in Singapore at the SGM” set out on pages i to ii of this circular for further information.

LETTER FROM THE BOARD

Hong Kong

Shareholders (whether or not able to attend the SGM) are requested to complete and return the Hong Kong proxy form (“**Hong Kong Proxy Form**”) in accordance with the instructions printed thereon and deposit with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for the holding of the SGM or any adjourned meeting thereof (as the case may be). Completion and return of the Hong Kong Proxy Form will not preclude Shareholders from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) should they elect to do so. In such event, the relevant Hong Kong Proxy Form will be deemed to be revoked. Please note that this paragraph is only applicable to Shareholders whose Shares are registered in the branch register of shareholders in Hong Kong.

In light of the COVID-19 situation in Hong Kong, your attention is drawn to the section headed “Precautionary Measures for the SGM in Hong Kong” set out on page iii of this circular for further information.

The resolutions proposed to be approved at the SGM will be taken by poll and an announcement on the outcome of the SGM will be made by the Company following the SGM.

L. RECOMMENDATION

The Directors (including the members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in this circular) consider that (i) the terms of the Open Offer and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Open Offer and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in this circular) recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Open Offer and the transactions contemplated thereunder.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 45 to 46 of this circular which contains its recommendation to the Independent Shareholders in relation to the Open Offer and the transactions contemplated thereunder, and the letter from the Independent Financial Adviser set out on pages 47 to 64 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

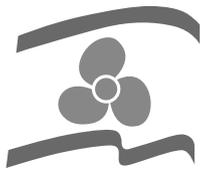
Your attention is also drawn to the additional information set out in the appendices to this circular.

LETTER FROM THE BOARD

The Open Offer is fully underwritten by the Underwriter and is subject to the fulfilment of the conditions set out above under the paragraph headed “Conditions of the Open Offer”. In particular, the Open Offer is subject to the Capital Reorganisation becoming effective and the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares from the date of this circular up to the date when the conditions of the Open Offer are fulfilled and/or the Latest Time for Termination will bear the risk that the Open Offer does not become unconditional and may not proceed. The Shares quoted on the Hong Kong Stock Exchange are expected to be dealt in on an ex-entitlement basis from 9:00 a.m. on Monday, 23 November 2020 whereas the Shares quoted on the SGX-ST are expected to be dealt in on an ex-entitlement basis from 9:00 a.m. on Tuesday, 24 November 2020. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If in any doubt, investors should consider obtaining professional advice.

By Order of the Board
Courage Investment Group Limited
Sue Ka Lok
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

30 October 2020

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY ONE SHARE HELD ON THE RECORD DATE PAYABLE IN FULL ON APPLICATION

INTRODUCTION

We refer to the circular of the Company dated 30 October 2020 (the “**Circular**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise specified.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders how to vote at the SGM.

Donvex Capital Limited, being the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in arriving such advice, are contained in its letter set out on pages 47 to 64 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

RECOMMENDATION

Having considered the terms of the Open Offer and the advice and recommendations of the Independent Financial Adviser as contained in its letter set out on pages 47 to 64 of the Circular, we consider that the terms of the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned and the transactions contemplated thereunder are in the interests of the Company and the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Open Offer and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee of
Courage Investment Group Limited

Mr. Zhou Qijin Mr. Pau Shiu Ming Mr. Tsao Hoi Ho
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 2501-2502, 25th Floor
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

30 October 2020

*The Independent Board Committee and the Independent Shareholders of
Courage Investment Group Limited*

Dear Sir/Madam,

PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 30 October 2020 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

Reference is made to the announcement dated 24 July 2020, the Company proposes to raise approximately HK\$71.35 million before expenses (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date) by way of the Open Offer of 548,851,784 Offer Shares at the Subscription Price of HK\$0.13 per Offer Share on the basis of one (1) Offer Share for every (1) Share held on the Record Date which is payable in full on application.

In accordance with Rule 7.24A(1) of the Listing Rules, the Open Offer must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding the Independent Non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Open Offer.

The Independent Board Committee, comprising all of the Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho, has been established to advise the Independent Shareholders on (i) whether the terms of the Open Offer are fair and reasonable and in the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

interest of the Shareholders as a whole; and (ii) how to vote at the SGM. Being the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence.

We are independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules and, accordingly, are qualified to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in or referred to in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the SGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no material facts and representations the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view regarding the Open Offer, and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group, nor have we considered the taxation implication on the Group.

Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion, and we have no obligation to update this opinion to take into account events occurring after the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Latest Practicable Date or to update, revise, or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell, or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Open Offer, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the Open Offer, we have taken into consideration the following principal factors and reasons:

1. Background Information on the Group

Principal business and information of the Group

With reference to the Letter from the Board, the Group is principally engaged in the business of (i) marine transportation, (ii) property holding and investment, (iii) investment holding and (iv) merchandise trading.

Historical financial information of the Group

The table below sets forth a summary of the consolidated financial information of the Group for (i) the six months ended 30 June 2020 (“6M2020”) and 30 June 2019 (“6M2019”) extracted from the Company’s interim results announcement; and (ii) the year ended 31 December 2019 (“FY2019”) and 31 December 2018 (“FY2018”) extracted from the Company’s annual report for FY2019:

	6M2020	6M2019	FY2019	FY2018
	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue				
– Marine transportation income	3,537	5,336	10,111	5,886
– Trading income	323	1,792	3,707	5,248
– Interest income	390	332	692	629
– Dividend income	–	–	135	155
– Property rental income	110	–	63	273
	<u>4,360</u>	<u>7,460</u>	<u>14,708</u>	<u>12,191</u>
Total revenue	<u>4,360</u>	<u>7,460</u>	<u>14,708</u>	<u>12,191</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	6M2020	6M2019	FY2019	FY2018
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
(Loss)/profit for the period/year attributable to owners of the Company	<u><u>(1,307)</u></u>	<u><u>269</u></u>	<u><u>180</u></u>	<u><u>1,251</u></u>

FY2019 compared with FY2018

According to the annual report for FY2019, the revenue of the Group increased by approximately US\$2.5 million or 20.5% from approximately US\$12.2 million for FY2018 to approximately US\$14.7 million for FY2019, which was mainly attributed to (i) the commencement of the charter-in and charter-out vessel business since June 2018; (ii) the acquisition of an additional dry bulk carrier with carrying capacity of approximately 57,000 dwt in February 2019; and (iii) the increase in freight rates of the Group's self-owned vessels.

Although the revenue of the Group increased by approximately 20.5%, the profit for the year of the Group decreased by approximately US\$1.1 million or 84.6% from approximately US\$1.3 million for FY2018 to approximately US\$0.2 million for FY2019. The decrease was mainly due to the following reasons:

- (i) the recognition of impairment loss on vessels owned by the Group of approximately US\$0.2 million for FY2019, in contrast to the reversal of impairment loss of approximately US\$4.3 million for FY2018, owing to the decrease in fair value of dry bulk carriers which was determined by an independent valuer, using the direct comparison approach. Such decrease was due to the decrease in market value of second-hand dry bulk carriers as at 31 December 2019 which was in line with the drop in Baltic Dry Index (an index that is closely correlated with international freight rate) from around 1,270 points at the end of December 2018 to around 1,090 points at the end of December 2019; and
- (ii) the increase in finance costs of approximately US\$0.4 million due to the new loans raised of approximately US\$12.9 million and increase in interest charged for floating interest rate borrowings.

6M2020 compared with 6M2019

According to the interim results announcement for 6M2020, the revenue of the Group decreased by approximately US\$3.1 million or 41.3% from approximately US\$7.5 million for 6M2019 to approximately to US\$4.4 million for 6M2020, which was mainly due to the following reasons:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (i) the temporary halt of the charter-in and charter-out vessel business since February 2020 as market conditions were not favourable primarily resulting from the year-long China-US trade disputes. The Group will consider resuming this business when market conditions improve;
- (ii) the decrease in freight rates of the Group's self-owned vessels owing to the adverse market conditions of the marine transportation business resulting from the global outbreak of COVID-19; and
- (iii) the decrease of trading income by approximately US\$1.5 million or 83.3% from approximately US\$1.8 million for 6M2019 to approximately US\$0.3 million for 6M2020 was to a certain extent mainly due to the decrease in the demand of electronic components, primarily owing to the trade disputes between China and the US which caused a slowdown in the electronics industry in general.

The Group recorded a loss for 6M2020 of approximately US\$1.3 million (6M2019: profit of approximately US\$0.3 million), which was mainly due to (i) the decrease in fair value of an investment property of approximately US\$1.1 million; and (ii) the increase in unrealised loss on listed equity securities held at the period end to approximately US\$0.7 million.

	As at 30 June 2020	As at 31 December 2019	As at 31 December 2018
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Audited)	(Audited)
Bank balances and cash	647	1,951	4,284
Net current liabilities	4,025	1,198	42
Total liabilities	19,075	20,928	16,034
Net assets	42,239	43,842	43,084

The bank balances and cash of the Group decreased by approximately US\$2.3 million or 53.5% from approximately US\$4.3 million as at 31 December 2018 to approximately US\$2.0 million as at 31 December 2019, which was mainly attributed to the net combined effect of (i) the proceeds from new loans raised of approximately US\$12.9 million; (ii) the repayment of borrowings of approximately US\$8.2 million; and (iii) the acquisition of a dry bulk carrier at a total cost of approximately US\$10.9 million, of which approximately US\$9.8 million was paid in February 2019. The bank balances and cash of the Group decreased further by approximately US\$1.4 million to approximately US\$0.6 million as at 30 June 2020, which was mainly due to the repayment of borrowings of approximately US\$1.6 million.

The total liabilities of the Group increased by approximately US\$4.9 million or 30.6% from approximately US\$16.0 million as at 31 December 2018 to approximately US\$20.9 million as at 31 December 2019, which was mainly attributed to the net effect of (i) the new loans of approximately US\$12.9 million raised; and (ii) the repayment of existing loans of approximately US\$8.2 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total liabilities of the Group subsequently decreased by approximately US\$1.8 million to approximately US\$19.1 million as at 30 June 2020, which was mainly due to the repayment of borrowings of approximately US\$1.6 million.

The net assets of the Group increased by approximately US\$0.7 million or 1.6% from approximately US\$43.1 million as at 31 December 2018 to approximately US\$43.8 million as at 31 December 2019, which was mainly attributed to the increase in investment revaluation reserve of approximately US\$0.6 million for FY2019, resulting from the net increase in fair value of debt instruments held by the Group. The net assets of the Group decreased by approximately US\$1.6 million to approximately US\$42.2 million as at 30 June 2020, which was mainly due to (i) the loss incurred by the Group during 6M2020 of approximately US\$1.3 million; and (ii) the net decrease in fair value of debt instruments held by the Group of approximately US\$0.2 million.

2. Principal terms of the Open Offer

Subject to the Capital Reorganisation becoming effective, the Company proposes to raise not more than approximately HK\$71.35 million (before expenses) by way of the Open Offer of 548,851,784 Offer Shares at the Subscription Price of HK\$0.13 per Offer Share on the basis of one (1) Offer Share for every one (1) existing Share held on the Record Date. The details are set out as follows:

Basis of the Open Offer:	One (1) Offer Share for every one (1) Share held on the Record Date
Subscription Price:	HK\$0.13 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	548,851,784 Shares
Number of Offer Shares:	548,851,784 Shares (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date)
Total number of Shares in issue upon completion of the Open Offer:	1,097,703,568 Shares (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date)
Gross proceeds from the Open Offer before expenses:	Approximately HK\$71.35 million (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date)
Irrevocable Undertaking:	Success United Development Limited, a Shareholder holding approximately 28.79% of all the issued Shares as at the Latest Practicable Date, has on 24 July 2020 executed the Irrevocable Undertaking in favour of the Company and the Underwriter pursuant to which it has irrevocably and unconditionally

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undertaken to, among other things, (i) accept its entitlements to the allotment of 157,995,066 Offer Shares, (ii) not to sell or transfer the Shares held by it in any manner before the completion or lapse of the Open Offer; and (iii) not to apply for any Offer Shares in excess of those allotted to it under the Open Offer.

For further details of the terms of the Open Offer, please refer to the section headed “PROPOSED OPEN OFFER” of the Letter from the Board.

Application for excess Offer Shares

Qualifying Shareholders shall be entitled to apply for (i) entitlement of Offer Shares which are not taken up by other Qualifying Shareholders; and (ii) the assured allotments of the Excluded Overseas Shareholders would otherwise have been entitled to, in excess of their own assured allotments but are not assured of being allocated any Offer Shares in excess of those in their assured allotments. For further details of the application for excess Offer Shares allocation basis, please refer to the section headed “Application for excess Offer Shares” of the Letter from the Board.

Having considered that such arrangement shall give an opportunity to the Qualifying Shareholders who have confidence in the prospect of the Group and would increase their shareholding by way of subscribing the excess Offer Shares, we concur with the Directors that the arrangement for the excess Offer Shares is fair and reasonable so far as the Shareholders are concerned.

3. Reasons for the Open Offer and use of proceeds

With reference to the Letter from the Board, the net proceeds of the Open Offer is estimated to be approximately HK\$67.69 million (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date).

Immediate cash inflow to the Group

The Board considered that such proceeds can provide immediate cash inflow to the Group. The Company intends to utilise approximately HK\$22 million of the net proceeds to repay the Group’s existing bank revolving loan in the outstanding principal amount of US\$2.8 million (equivalent to approximately HK\$22 million) (the “**Revolving Loan**”) to achieve immediate savings in finance costs. The aforesaid loan is repayable on demand with interest rate of Hong Kong Interbank Offer Rate plus certain basis points which was ranged from approximately 2% to 3.5% during for FY2019.

Having taken into consideration the factors and reasons including:

- (i) the deterioration of profitability as the interest coverage ratio of the Group decreased from 2.54 times for FY2018 to 1.15 times for FY2019 and recorded a negative ratio for 6M2020. The interest coverage ratio is calculated by dividing profit before finance costs and income tax over the finance costs for the respective financial year;

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- (ii) the debt to equity ratio increased from 33.5% as at 31 December 2018 to 41.5% as at 30 June 2020;
- (iii) the Group was in net current liabilities of approximately US\$4.0 million as at 30 June 2020; and
- (iv) the Group has to repay the outstanding loans of approximately US\$9.4 million within two years from 30 June 2020,

we concur with the Directors that such proceeds can provide immediate cash inflow to the Group and strengthen its financial position by improving the debt to equity ratio from 41.5% to 34.4% after the completion of the Open Offer.

Development of marine transportation business

The remaining net proceeds of approximately HK\$45.69 million from the Open Offer (the “**Remaining Net Proceeds**”) will be used as working capital of the Group and/or for the acquisition of a Supramax vessel if and when such acquisition materialises. In line with the Group’s development strategy of expanding the scale of its marine transportation business, the Group continues to seek investment opportunities to increase the carrying capacity of its dry bulk fleet through acquisition of additional vessel(s). It is the plan of the Group to identify the opportunities to acquire a second hand Supramax dry bulk carrier with carrying capacity of approximately 57,000 dwt with a view to expand its fleet.

The Group has identified eight Supramax vessels as potential acquisition targets and is in the process of making evaluations on their specification including age, tonnage capacity, country of built and price. Based on the preliminary evaluation by the Board, the estimated acquisition cost of a second hand Supramax vessel is from US\$7 million to US\$12 million (equivalent to approximately HK\$54.6 million to HK\$93.6 million). In the event that the acquisition of a Supramax vessel is materialised, the Group intends to finance such acquisition by (i) utilising the Remaining Net Proceeds; and (ii) raising a new long-term loan from bank with the target vessel pledged in favour of the bank (the “**Long-Term Loan**”) for the remaining acquisition cost.

Having taken into account the increase in the number of vessels deployed would improve the financial performance of the Group which is demonstrated by the increase in the revenue from marine transportation business by approximately 71.2% after the acquisition of an additional vessel as well as the charter-in of a vessel in FY2019, we consider that it is reasonable to use the Remaining Net Proceeds for acquisition of a Supramax vessel.

Comparison between the Long-Term Loan and the Revolving Loan for financing the remaining acquisition cost of the Supramax vessel

The Directors are of the view that apart from interest rate, the financing tenor of the financing facility is also an important factor in determining the appropriate financing for the acquisition cost of the Supramax vessel as the financing tenor of the financing facility should match with the intended term of usage of the vessel.

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We agreed that notwithstanding the interest rate of the Long-Term Loan estimated by the Board is slightly higher than the interest rate of the Revolving Loan, it is more appropriate to use the Long-Term Loan to finance the remaining acquisition cost of the Supramax vessel after taking into account the following factors:

- (i) the Revolving Loan is subject to annual review by the bank and is thus short-term financing, as such the financing tenor of the Revolving Loan would not match with the duration of generating sufficient cash inflow from the operation of target vessel for the repayment of the Revolving Loan; and
- (ii) the bank would normally accept to have the target vessel as the collateral and approve the Long-Term Loan with a period of approximately 5 years, which would match with the duration of generating sufficient cash inflow from the operation of target vessel for the repayment of the Long-Term Loan.

Possible funding needs for the acquisition of the Supramax vessel

In the event the acquisition of the Supramax vessel materialise within 12 months from the completion of the Open Offer, the Board considers to satisfy the possible funding needs for the said acquisition by using a mix of equity (i.e. the Open Offer) and debt (i.e. the Long-Term Loan) financing (the “**Mix Financing**”) after taking into account the following factors:

- (a) the Mix Financing is in line with the Group’s capital risk management strategy, given that the Group aims to manage its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising return to the Shareholders through the optimisation of the debt and equity balance;
- (b) it may not satisfy the possible funding needs for the said acquisition solely by way of the Open Offer as Shareholders do not generally prefer a large size of equity fund raising exercise, in which (i) the Open Offer requires additional investments from the existing Shareholders; and (ii) shareholding interest of Shareholders, who do not wish to participate in the Open Offer, will be diluted;
- (c) the Group is unlikely to obtain sufficient funds for financing the said acquisition solely by way of the debt financing in view of the reasons as stated above.

Taking into account of the above, we concur with the Directors that raising funds for the said acquisition by using the Mix Financing is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

Enhancement of working capital of the Company if the said acquisition does not materialise within 12 months from the completion of the Open Offer

In view of the low cash position of US\$0.6 million as at 30 June 2020, the Company intends to use approximately 50%, 40% and 10% of the Remaining Net Proceeds as the working capital of the Group for its marine transportation business, investment holding business and trading business

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respectively in the event that said acquisition does not materialise within 12 months from the completion of the Open Offer. Such Remaining Net Proceeds will be applied as working capital and to be continually used to replenish in the course of operations of such business segments on an ongoing basis.

We consider the use of the Remaining Net Proceeds is fair and reasonable in this regard.

4. Other financing alternatives

Having discussed with the management of the Company, we notice the Board had considered other possible financing alternatives to finance the existing funding needs.

Debt financing

We are of the view that it is not the most appropriate financing option for the Company to finance the existing funding needs solely by the debt financing due to the following reasons:

- (a) the debt financing will further increase the burden of interest payment to the Group as the interest coverage ratio of the Group has decreased from 2.54 times for FY2018 to 1.15 times for FY2019 and recorded a negative ratio for 6M2020; and
- (b) the terms may be unfavourable due to the fact that (i) approximately 88.1% of non-current assets of the Group, comprising three vessels of approximately US\$33.5 million, an investment property of approximately US\$9.3 million and debt instruments of approximately US\$8.2 million, have already been pledged to banks and other financial institution as security for obtaining loan facilities as at 30 June 2020; and (ii) the deteriorating financial performance of the Group as the Group recorded a loss for 6M2020 of approximately US\$1.3 million (6M2019: profit of approximately US\$0.3 million).

Shares placement

Considering (i) the Shares placement will only be available to certain placees who may not necessarily be the existing Shareholders; and (ii) the Shares placement will dilute the shareholding of the existing Shareholders who do not have the right to participate in the Shares placement, we are of the view that the Open Offer is therefore a more preferable financing option than the Shares placement.

Rights issue

In light of the legal requirements under the Singapore securities law and the differences in the regulations between the Hong Kong Stock Exchange and the SGX-ST in relation to, amongst others, the trading arrangements of the nil-paid rights, fund raising by way of the rights issue would involve additional filing, administration and costs burden to the Group as it has to comply with the requirements of both the Hong Kong Stock Exchange and the SGX-ST. As such, rights issue is not considered a preferable option by the Board.

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Having taken into consideration the Open Offer (i) would provide a good opportunity for the Group to strengthen its capital base and financial position; (ii) would give the Shareholders an equal opportunity to maintain their proportionate interests in the Company; and (iii) is the most appropriate financing option as discussed above, we concur with the Directors that raising funds for the existing funding needs by means of the Open Offer is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

5. Assessment on the Subscription Price

With reference to the Letter from the Board, the Subscription Price of HK\$0.13 per Offer Share represents:

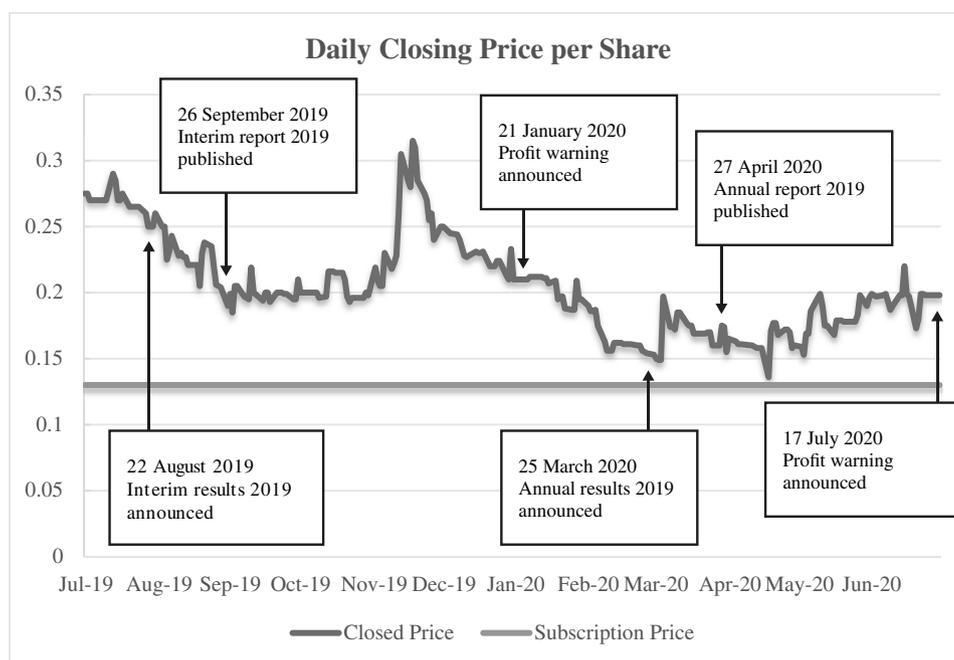
- (i) a discount of approximately 32.64% to the closing price of HK\$0.193 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day and same as the closing price of S\$0.023 per Share as quoted on the SGX-ST on that date (the “**LTD Discount**”);
- (ii) discount of approximately 34.01% to the average closing price of approximately HK\$0.197 per Share for the last five trading days up to and including the Last Trading Day as quoted on the Hong Kong Stock Exchange and same as the average closing price of approximately S\$0.023 per Share as quoted on the SGX-ST for the same period;
- (iii) a discount of approximately 20.73% to the theoretical ex-rights price of approximately HK\$0.164 per Share determined based on the average closing price per Share as quoted on the Hong Kong Stock Exchange for the last five trading days prior to the Last Trading Day and same as the theoretical ex-rights price of approximately S\$0.023 per Share determined based on the average closing price per Share as quoted on the SGX-ST for the last five trading days prior to the Last Trading Day (the “**TEEP Discount**”);
- (iv) a discount of approximately 78.75% to the audited net asset value per Share of approximately US\$0.080 as at 31 December 2019 (the “**NAV Discount**”); and
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 17.17% represented by the theoretical diluted price of HK\$0.164 per Share to the benchmarked price of approximately HK\$0.198 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price of the Shares on the Last Trading Day of HK\$0.193 per Share and the average closing price per Share as quoted on the Hong Kong Stock Exchange for the last five trading days prior to the Last Trading Day of approximately HK\$0.198 per Share) (the “**TDP Discount**”).

The Subscription Price was agreed after arm’s length negotiations between the Company and the Underwriter after taking into account, amongst other things (i) the actual funding requirement of the Group; (ii) the market price of the Shares under the prevailing market conditions; and (iii) the financial position of the Group.

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Share price performance and trading liquidity

As part of our assessment, we reviewed the recent trading performance of the Shares including the daily closing price and the trading liquidity of the Shares as quoted on the Hong Kong Stock Exchange from 24 July 2019 up to the Last Trading Date (the “**Review Period**”), being a period of approximately 1 year. Given that an one-year review period is adopted for share price assessment, the Review Period is adequate to illustrate the recent trading performance of the Shares. The chart below illustrates the daily closing price of the Shares (“**Closing Price(s)**”) versus the Subscription Price during the Review Period:



Source: the Hong Kong Stock Exchange’s website

Save for the period from November 2019 to December 2019, the Closing Price shows a general downward trend throughout the Review Period.

The Directors advised us that they are not aware of any particular reasons for the exceptional Shares price performance and trading liquidity in December 2019.

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In light of the exceptional Shares price performance and trading liquidity in December 2019, we reviewed the following publications made by the Company during the period from November 2019 to December 2019:

Date	Subject matters
6 November 2019	Monthly return on movement in securities for October 2019
27 November 2019	Announcement on change of director
27 November 2019	Announcement on list of directors and their role and functions
3 December 2019	Monthly return on movement in securities for November 2019

Based on reviewing the above, we are not aware of any publications which may have correlation to the exceptional Shares price performance and trading liquidity in December 2019. As such, we concur with the view of the Directors.

During the Review Period, the lowest and highest Closing Prices as quoted on the Stock Exchange were HK\$0.136 on 11 May 2020 and HK\$0.315 on 11 December 2019 respectively. The average Closing Price of the Review Period was approximately HK\$0.205. The Subscription Price represents a discount of approximately 4.41%, 58.73% and 36.59% to the lowest, highest and average Closing Prices respectively during the Review Period.

The table below illustrates the average daily trading volume and percentage of the average daily trading volume over the total number of issued Shares during the Review Period:

Month	Total trading volume traded (No. of shares)	Number of trading days	Average daily trading volume (No. of shares) <i>(Note 1)</i>	Percentage of the average daily trading volume over total number of issued Shares (%) <i>(Note 2)</i>
2019				
July (from 24 July to 31 July)	1,923,000	6	320,500	0.06
August	7,275,000	22	330,682	0.06
September	5,023,000	21	239,190	0.04
October	6,414,000	21	305,429	0.06
November	12,409,000	21	590,095	0.11
December	110,394,000	20	5,519,700	1.01
2020				
January	5,534,000	20	276,700	0.05
February	5,374,000	20	268,700	0.05
March	1,410,600	22	64,118	0.01
April	918,600	19	48,347	0.01

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Month	Total trading volume traded (No. of shares)	Number of trading days	Average daily trading volume (No. of shares) <i>(Note 1)</i>	Percentage of the average daily trading volume over total number of issued Shares (%) <i>(Note 2)</i>
May	2,814,400	20	140,720	0.03
June	20,147,600	21	959,410	0.17
July (from 1 July to 23 July)	1,617,000	16	101,063	0.02

Source: the Hong Kong Stock Exchange's website

Notes:

1. *Average daily trading volume is calculated by dividing the total trading volume traded for the month/period by the number of trading days in the respective month/period.*
2. *The calculation is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.*

As illustrated in the above table, we note that the trading liquidity of the Shares were thin during the Review Period due to the fact that the average daily trading volume over the total number of issued Shares for each month are less than 0.2%, except December 2019.

It is justifiable that the Subscription Price was set at a discount to the recent Closing Prices after taking into consideration the factors and reasons including:

- (a) the Qualifying Shareholders may have difficulties in disposing a significant number of the Shares in the open market in the event the same trading pattern of the Shares continues during and after the completion of the Open Offer in light of the thin trading volume of the Shares;
- (b) the Qualifying Shareholders may find the Open Offer less attractive in view of (i) the prospect of the Group due to the deterioration of profitability of the Group for FY2019 and 6M2020; and (ii) the thin trading volume of the Shares during the Review Period; and
- (c) the Subscription Price at a discount would (i) encourage the Qualifying Shareholders to participate in the Open Offer under the recent poor market sentiment due to the impact of the COVID-19; and (ii) provide greater opportunity for the Qualifying Shareholders to recoup their investment costs when they realise the Shares in the open market in the future.

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Market Comparable

As part of our assessment, we reviewed a number of Hong Kong Stock Exchange listed companies which had proposed open offer, where (i) the date of the respective announcement fall within the preceding 24 months from the Last Trading Day; and (ii) the proposed open offer conducted during restructurings and/or reverse takeover exercise are excluded. Having taken into consideration (i) there are only limited open offers proposed within the preceding 12 months from the Last Trading Day; and (ii) the poor market sentiment as a result of the impact of the COVID-19 in the first half of year 2020, we have extended the selection criteria from 12 months to 24 months. To our best effort, we are aware of 4 proposed open offers representing an exhaustive list of comparables which met the aforesaid criteria and are set out as follows (the “**Market Comparables**”):

Company name (Stock code)	Date of announcement	Basis of entitlement	Premium/ (discount) of the subscription price over/ to the closing price on the last trading day (%)	Premium/ (discount) of the subscription price over/to the theoretical ex- rights price per share (%)	Premium/ (discount) of the subscription price over/to the consolidated NAV per share (%)	Premium/ (discount) of the theoretical diluted price over/to the benchmark price (%)	Maximum dilution of shareholding (%)	Underwriting commission (%)
Celestial Asia Securities Holdings Ltd (1049)	29-Nov-18	1 for 1	(45.95)	(30.07)	(83.61)	(22.70)	50.00	Nil
Rich Goldman Holdings Ltd (70)	18-Oct-19	9 for 5	(28.57)	(12.41)	(93.02)	(19.44)	64.29	Nil
China Regenerative Medicine International Ltd (8158)	27-Nov-19	2 for 1	(23.08)	(9.09)	(63.64)	(15.38)	66.67	0.8
Celestial Asia Securities Holdings Ltd (1049)	27-Mar-20	2 for 1	(32.58)	(14.29)	(75.00)	(21.35)	66.67	1.0
Maximum			(23.08)	(9.09)	(63.64)	(15.38)	66.67	1.0
Minimum			(45.95)	(30.07)	(93.02)	(22.70)	50.00	Nil
Average			(32.55)	(16.47)	(78.82)	(19.72)	61.91	0.5
The Company	24-Jul-20	1 for 1	(32.64)	(20.73)	(78.75)	(17.17)	50.00	2.0

Source: the Hong Kong Stock Exchange’s website

With reference to our findings above, the discount as represented by the subscription prices of Market Comparables to (i) their respective closing prices on the last trading date ranged from approximately 23.08% to approximately 45.95% (the “**LTD Discount Market Range**”); (ii) their theoretical ex-entitlement prices ranged from approximately 9.09% to approximately 30.07% (the “**TEEP Discount Market Range**”); (iii) their respective consolidated net asset value per share ranged from approximately 63.64% to approximately 93.02% (the “**NAV Discount Market Range**”); and (iv) their respective theoretical diluted price ranged from approximately 15.38% to approximately 22.70% (the “**TDP Discount Market Range**”).

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Having taken into consideration the factors and reasons including:

- (a) it is reasonable to offer discount for the Subscription Price given that it would (i) encourage the Qualifying Shareholders to participate in the Open Offer under the recent poor market sentiment due to the impact of the COVID-19; and (ii) provide greater opportunity for the Qualifying Shareholders to recoup their investment costs when they realise the Shares in the open market in the future;
- (b) the LTD Discount is close to the average and falls within the LTD Discount Market Range;
- (c) the TEEP Discount is higher than the average but falls within the TEEP Discount Market Range;
- (d) the NAV Discount is close to the average and falls within the NAV Discount Market Range; and
- (e) the TDP Discount is close to the average and falls within the TDP Discount Market Range,

we consider that the setting of the Subscription Price is fair and reasonable.

6. Assessment on the Underwriting Commission

With reference to our findings in the Market Comparable, we note that the underwriting commission of the Market Comparables ranged from nil to 1% and with an average of approximately 0.5%. Despite the underwriting commission of the Open Offer falls outside the aforesaid range, it is reasonable to offer higher commission to the Underwriter after taking into consideration the Underwriter may require more effort to identify potential investors due to the following reasons:

- (a) the poor market sentiment as a result of the prolonged impact and ongoing economic uncertainty of the COVID-19, which had undermined investors' confidence and investors may be more cautious in making investment decisions; and
- (b) the potential investors may find the Open Offer less attractive in view of (i) the prospect of the Group due to the deterioration of profitability of the Group for FY2019 and 6M2020; and (ii) the thin trading volume of the Shares during the Review Period.

As such, we consider that the setting of the underwriting commission is fair and reasonable.

7. Possible dilution effect on the shareholding interests of the public Shareholders

The table which demonstrates the possible shareholding structure of the Company as at the Latest Practicable Date and upon completion of the Open Offer is set out in the section headed "EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY" in the Letter from the Board. Upon completion of the Open Offer, 548,851,784 Shares will be issued.

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The Independent Shareholders who are Qualifying Shareholders should note that, there would not be any dilution effect on their proportionate interests in the Company in the event they decide to subscribe for their entitlements of the Offer Shares in full. However, we would like to draw the attention of the Qualifying Shareholders to the fact that, their corresponding interests in the Company will be diluted if they do not wish to take up all or part of their entitlements of the Offer Shares.

We are of the view that the maximum dilution effect of the Open Offer is acceptable after taking into account the following factors:

- (i) the Company sets the Subscription Price at a discount which may likely to attract the Qualifying Shareholders to participate in the Open Offer so their shareholding will not be diluted;
- (ii) the Open Offer has given an equal opportunity to all Qualifying Shareholders to maintain their proportionate interests in the Company; and
- (iii) the maximum dilution effect of the Open Offer of 50.00% is lower than the average and falls within the relevant range of the Market Comparables.

8. Possible financial effects of the Open Offer

Net tangible assets

According to unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2020 is approximately US\$42.2 million and the consolidated net tangible assets of the Group per Share before the Open Offer is approximately US\$0.077.

After taking into account the inflow of the estimated net proceeds from the Open Offer of approximately US\$8.7 million, the unaudited pro forma adjusted consolidated net tangible assets of the Group will increase to approximately US\$50.9 million. Immediately after completion of the Open Offer, the total number of Shares would increase to 1,097,703,568 Shares, the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share will decrease to approximately US\$0.046.

Working capital

According to the interim report for 6M2020, the unaudited net current liabilities of the Group as at 30 June 2020 are US\$4.0 million. Immediately after completion of the Open Offer, it is expected that the Group will be in net current assets position of approximately US\$4.7 million.

Based on the foregoing, although the unaudited pro forma adjusted consolidated net tangible assets value per Share will decrease immediately after completion of the Open Offer, the Open Offer will improve (i) the liquidity position of the Group representing by improvement in the current ratio

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from 0.46 times to 1.63 times; and (ii) the gearing ratio of the Group from 41.5% to 34.4%. Hence, we are of the view that the Open Offer is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into consideration the principal factors and reasons as stated above, we are of the opinion that (a) the terms of the Open Offer are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (b) the Open Offer is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Open Offer and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Consolidated financial information of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 is disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk):

- (i) annual report of the Company for the year ended 31 December 2017 published on 27 April 2018 (pages 42 to 103);
- (ii) annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (pages 44 to 118);
- (iii) annual report of the Company for the year ended 31 December 2019 published on 27 April 2020 (pages 50 to 106); and
- (iv) interim report of the Company for the six months ended 30 June 2020 published on 28 September 2020 (pages 12 to 29).

2. STATEMENT OF INDEBTEDNESS

As at 30 September 2020, being the most recent practicable date for this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately US\$16,692,000 (comprising secured and guaranteed bank loans of approximately US\$7,039,000 and secured and guaranteed other borrowings of approximately US\$9,653,000), and lease liabilities of approximately US\$321,000.

The outstanding borrowings as at 30 September 2020 were secured and guaranteed 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 fair value through other comprehensive income held by the Group.

Save as disclosed herein and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at the close of business on 30 September 2020, the Group does not have any other material debt securities, issued or outstanding, or authorised or otherwise created but unissued, term

loan, other borrowing or indebtedness in the nature of borrowing of the Group including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, mortgages, charges, covenants, other contingent liabilities or guarantees.

3. WORKING CAPITAL

The Directors are of the opinion that, in the absence of any unforeseen circumstances and after taking into account (i) the present internal resources of the Group; (ii) the Group's presently available banking facilities/bank and other borrowings; and (iii) the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The outbreak of COVID-19 that is affecting many nations, the global and local investment markets and the international trade flow has potential adverse impact on the Group's operations. The Directors considered it is difficult to predict the evolution and duration of the pandemic and that at the Latest Practicable Date, the extent of its impact to the Group cannot be reliably quantified or estimated. The management will continue to closely monitor the situation and will take all necessary and appropriate measures to reduce the impact of the pandemic to the Group.

As disclosed in the interim report of the Company published on 28 September 2020, the Group recorded an overall loss attributable to owners of the Company of US\$1,307,000 for the six months ended 30 June 2020, which was mainly due to the decrease in fair value of an investment property and the increase in unrealized loss on listed equity securities.

Save as disclosed above, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

5. BUSINESS AND FINANCIAL PROSPECTS OF THE GROUP

Subsequent to the year end and up to the Latest Practicable Date, the Group has continued to carry on its existing businesses of marine transportation, property holding and investment, investment holding and merchandise trading.

As disclosed in the Company's annual report for the year ended 31 December 2019, upon completion of the acquisition of a Supramax dry bulk carrier (now named as MV Polyworld) with carrying capacity of approximately 57,000 dwt in February 2019, the Group has significantly increased the carrying capacity of its dry bulk fleet and placed the Group in a better competitive position in the industry. Nevertheless, the outlook of the marine transportation industry is challenging. The conditions of the marine transportation market have been unstable since the outbreak of the COVID-19 pandemic which has affected many nations worldwide. The Baltic Dry Index, which is closely correlated to market freight rate, has hit its low of about 400 points in May 2020 and rebounded to nearly 1,900 points in July 2020. It is difficult to predict the

evolution and duration of the pandemic, however, with the gradual revival of economic activities of some major economies including Mainland China, the Group is cautiously optimistic about the prospect of the marine transportation business in the medium to long-term.

Looking forward, the Group will continue to manage its businesses in a disciplined manner, and be cautious in seizing new investment/business opportunities with attractive returns as well as pursuing the plan, with due regard to market conditions, in acquiring a second hand Supramax dry bulk carrier with carrying capacity of approximately 57,000 dwt with a view to expand the carrying capacity of the Group's dry bulk fleet.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 June 2020.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the net assets of the Group as at 30 June 2020, as extracted from the published interim report of the Company for the six months ended 30 June 2020 and is adjusted for the effect of the Open Offer.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group immediately after completion of the Open Offer.

Unaudited consolidated net tangible assets of the Group as at 30 June 2020 <i>(Note 1)</i> US\$'000	Estimated net proceeds from the Open Offer <i>(Note 2)</i> US\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after the completion of the Open Offer US\$'000	Unaudited consolidated net tangible assets of the Group per Share as at 30 June 2020 <i>(Note 3)</i> US\$	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after the completion of the Open Offer <i>(Note 4)</i> US\$	<i>(Note 5)</i> HK\$
Based on 548,851,784 Offer Shares to be issued at the Subscription Price of HK\$0.13 per Offer Share	42,239	8,678	50,917	0.077	0.046
	<u>42,239</u>	<u>8,678</u>	<u>50,917</u>	<u>0.077</u>	<u>0.046</u>
		<u>42,239</u>	<u>50,917</u>	<u>0.077</u>	<u>0.359</u>

Notes:

1. The unaudited consolidated net tangible assets of the Group as at 30 June 2020 is extracted from the published interim report of the Company for the six months ended 30 June 2020.
2. The estimated net proceeds from the Open Offer of approximately HK\$67,690,000 (equivalent to approximately US\$8,678,000) is calculated based on 548,851,784 Offer Shares (the Company has 548,851,784 shares in issue on the Latest Practicable Date) to be issued on the basis of one Offer Share for every one Share held on the Record Date at the Subscription Price of HK\$0.13 per Offer Share, after deduction of the estimated related expenses of approximately HK\$3,660,000 (equivalent to approximately US\$469,000).
3. The number of Shares used for the calculation of the unaudited consolidated net tangible assets of the Group per Share as at 30 June 2020 is based on 548,851,784 Shares of the Company in issue as at 30 June 2020.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after the completion of the Open Offer is calculated based on 1,097,703,568 Shares which comprise the existing 548,851,784 Shares in issue as at 30 June 2020 and 548,851,784 Offer Shares assumed to be issued on the completion of the Open Offer as if the Open Offer had been completed on 30 June 2020.
5. For the purpose of presenting the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after completion of the Open Offer, the amount stated in United States dollars (“**US\$**”) is converted into Hong Kong dollars (“**HK\$**”) at the rate of US\$1 to HK\$7.8.
6. No adjustments have been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2020.

The following is the text of the independent reporting accountants' assurance report, received from Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Group as set out in this Appendix and prepared for the purpose of inclusion in this circular.



Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

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B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF COURAGE INVESTMENT GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Courage Investment Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2020 and related notes as set out on pages II-1 and II-2 of the circular issued by the Company dated 30 October 2020 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 and II-2 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed 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 payable in full on application (the “**Open Offer**”) on the Group's financial position as at 30 June 2020 as if the Open Offer had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the interim report of the Company for the six months ended 30 June 2020, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the

unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Moore Stephens CPA Limited

Certified Public Accountants

Hong Kong

30 October 2020

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised share capital of the Company is US\$180,000,000, comprising of 3,000,000,000 Shares of US\$0.06 par value. Such Shares will be subject to Capital Reorganisation as described in this circular.

The issued share capital of the Company as at the Latest Practicable Date and upon completion of the Open Offer (assuming there is no other changes in the number of Shares in issue) are as follows:

(i) As at the Latest Practicable Date, the number of Shares in issue was	548,851,784
(ii) Immediately following completion of the Open Offer	
Number of Shares in issue as at the Latest Practicable Date	548,851,784
<i>Plus:</i>	
Number of Offer Shares to be allotted and issued under the Open Offer	548,851,784
Total number of Shares in issue	1,097,703,568

All the issued Shares in the capital of the Company rank pari passu with each other in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Offer Shares in their fully-paid form.

The issued Shares are listed primarily on the Main Board of the Hong Kong Stock Exchange and secondarily listed on the Main Board of the SGX-ST.

As at the Latest Practicable Date, there was no arrangement under which future dividends are or will be waived or agreed to be waived.

No share or loan capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Set out below are the particulars and biographies of the existing Directors and senior management of the Company:

(a) Particulars of the Directors and senior management of the Company

Name	Address
<i>Non-executive Director</i>	
Mr. Sue Ka Lok	Room 2113, 21st Floor Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
<i>Executive Directors</i>	
Ms. Wang Yu	Room 2113, 21st Floor Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Ms. Sin Pui Ying	Room 2113, 21st Floor Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
<i>Independent Non-executive Directors</i>	
Mr. Zhou Qijin	Room 2113, 21st Floor Great Eagle Centre 23 Harbour Road Wanchai Hong Kong
Mr. Pau Shiu Ming	Room 2113, 21st Floor Great Eagle Centre 23 Harbour Road Wanchai Hong Kong

Name	Address
Mr. Tsao Hoi Ho	Room 2113, 21st Floor Great Eagle Centre 23 Harbour Road Wanchai Hong Kong

(b) **Biographies of the Directors and senior management of the Company**

Non-executive Director

Mr. Sue Ka Lok (“Mr. Sue”), Chairman

Aged 55, joined the Group as an Executive Director and the Chairman of the Board in October 2015. Mr. Sue stepped down from the position as the Chairman of the Board and was re-designated as a Non-executive Director in October 2017, and has been re-appointed as the Chairman of the Board in February 2018. Mr. Sue is a member of the Nomination Committee and a director of various subsidiaries of the Company. Mr. Sue holds a Bachelor of Economics degree from The University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow of the Hong Kong Institute of Certified Public Accountants, a certified practising accountant of the CPA Australia, a fellow of the Hong Kong Securities and Investment Institute, and a chartered secretary, chartered governance professional and a fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). He has extensive experience in corporate management, finance, accounting and company secretarial practice. Mr. Sue is an executive director and the chief executive officer of China Strategic Holdings Limited (stock code: 235), an executive director of EPI (Holdings) Limited (stock code: 689), PT International Development Corporation Limited (stock code: 372) and PYI Corporation Limited (stock code: 498) and a non-executive director of Birmingham Sports Holdings Limited (stock code: 2309). All the above companies are listed on the Main Board of the Hong Kong Stock Exchange.

Executive Director

Ms. Wang Yu (“Ms. Wang”), Company Secretary

Aged 45, joined the Group as an Executive Director in October 2017 and has been appointed as the Company Secretary of the Company in February 2019. She is a director of various subsidiaries of the Company. Ms. Wang holds a Bachelor’s degree in Arts from the University of Science and Technology of China, Master of Business Administration degree from the University of Birmingham in the United Kingdom, Master of Corporate Governance degree and Master of Professional Accounting degree from The Hong Kong Polytechnic University. Ms. Wang is an associate of The Hong Kong Institute of Chartered Secretaries and

The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). She has experience in logistics industry, corporate administration and company secretarial practice.

Ms. Sin Pui Ying (“Ms. Sin”)

Aged 40, joined the Group as an Executive Director in September 2020. Ms. Sin holds a Bachelor of Business Administration (Accounting and Finance) degree from the University of Hong Kong. Ms. Sin is a practising member of the Hong Kong Institute of Certified Public Accountants, and has extensive experience in accounting and finance. Ms. Sin is an executive director of KNK Holdings Limited (stock code: 8039), On Real International Holdings Limited (stock code: 8245) and hmvod Limited (stock code: 8103), all of the above companies are listed on the GEM of the Hong Kong Stock Exchange.

Independent Non-executive Directors

Mr. Zhou Qijin (“Mr. Zhou”)

Aged 59, joined the Group as an Independent Non-executive Director in October 2015 and is the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Mr. Zhou holds a Bachelor’s degree in law from the Southwest University of Political Science and Law, the PRC. He has extensive experience in property investments, large scale outdoor advertising and promotion business as well as automobile sales and marketing in the PRC.

Mr. Pau Shiu Ming (“Mr. Pau”)

Aged 70, joined the Group as an Independent Non-executive Director in April 2018 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Pau holds a Bachelor of Social Sciences degree from the University of Hong Kong. Mr. Pau had held senior roles in various international banks and has extensive experience in the banking and finance industry.

Mr. Tsao Hoi Ho (“Mr. Tsao”)

Aged 55, joined the Group as an Independent Non-executive Director in November 2019 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Tsao holds a Master of Business Administration degree from the University of Warwick in the United Kingdom. Mr. Tsao is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and an associate of the Australasian Institute of Banking and Finance. Mr. Tsao has over 20 years’ extensive experience in auditing, corporate finance and company secretarial practice.

*Senior Management***Mr. Yuen Chee Lap, Carl (“Mr. Yuen”), Chief Executive Officer and Financial Controller**

Aged 46, joined the Company as Financial Manager in January 2004 and has been appointed as Financial Controller since May 2006. Mr. Yuen has taken up the additional role as Chief Executive Officer in September 2019 and is responsible for the Group’s overall operations. He is a director of various subsidiaries of the Company. Mr. Yuen obtained a Bachelor of Business Administration degree and a Master of Business Administration degree from University of Houston, United States in 1997 and 1998 respectively. He is a member of the Hong Kong Institute of Directors and the Association of Hong Kong Accountants. Mr. Yuen has rich experience in finance and accounting both in Hong Kong and the United States. He started his career in the United States when he joined a United States listed company in 2000 and served as its chief financial officer from 2000 to 2003.

Mr. Yuen is an independent non-executive director of Qianhai Health Holdings Limited (stock code: 911) and Fullsun International Holdings Group Co., Limited (stock code: 627). Both companies are listed on the Main Board of the Hong Kong Stock Exchange.

4. DISCLOSURE OF INTERESTS**Directors’ and chief executives’ interests and short positions in Shares, underlying Shares and debentures**

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which were taken or deemed to have been taken under such provisions of the SFO); (ii) recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers.

Substantial Shareholders’ and other persons’ interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, Shareholders who had interests or short positions in the Shares or underlying Shares which need to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity	Nature of interest	Number of Shares	Approximate % of Shares in issue
Success United Development Limited	Beneficial owner	Corporate	157,995,066 (Note 1)	28.79
Brilliant Epic Asia Limited	Interest of controlled corporation	Corporate	157,995,066 (Note 2)	28.79
Suen Cho Hung, Paul	Interest of controlled corporation	Personal	157,995,066 (Note 3)	28.79
Get Nice Securities Limited	Underwriter	Corporate	390,856,718 (Note 4)	35.61 (Note 10)
Get Nice Incorporated	Interest of controlled corporation	Corporate	390,856,718 (Note 5)	35.61 (Note 10)
Get Nice Financial Group Limited	Interest of controlled corporation	Corporate	390,856,718 (Note 6)	35.61 (Note 10)
Get Nice Holdings Limited	Interest of controlled corporation	Corporate	390,856,718 (Note 7)	35.61 (Note 10)
Ever Joy Securities Limited	Sub-underwriter	Corporate	99,856,718 (Note 8)	9.09 (Note 10)
Ever Joy International Holdings Limited	Interest of controlled corporation	Corporate	99,856,718 (Note 9)	9.09 (Note 10)
Imagi Brokerage Limited	Sub-underwriter	Corporate	97,000,000 (Note 8)	8.84 (Note 10)
Win Wind Securities Limited	Sub-underwriter	Corporate	97,000,000 (Note 8)	8.84 (Note 10)
Planetree Securities Limited	Sub-underwriter	Corporate	97,000,000 (Note 8)	8.84 (Note 10)

Notes:

- (1) Success United Development Limited is the beneficial owner of 157,995,066 Shares.
- (2) Success United Development Limited is wholly owned by Brilliant Epic Asia Limited. Therefore, Brilliant Epic Asia Limited is deemed to be interested in 157,995,066 Shares under the SFO.

- (3) Brilliant Epic Asia Limited is wholly owned by Suen Cho Hung, Paul. Therefore, Suen Cho Hung, Paul is deemed to be interested in 157,995,066 Shares under the SFO.
- (4) Pursuant to the Underwriting Agreement, Get Nice Securities Limited is the underwriter of 390,856,718 Shares.
- (5) Get Nice Securities Limited is wholly owned by Get Nice Incorporated. Therefore, Get Nice Incorporated is deemed to be interested in 390,856,718 Shares under the SFO.
- (6) Get Nice Incorporated is wholly owned by Get Nice Financial Group Limited. Therefore, Get Nice Financial Group Limited is deemed to be interested in 390,856,718 Shares under the SFO.
- (7) Get Nice Financial Group Limited is owned as to 72.99% by Get Nice Holdings Limited. Therefore, Get Nice Holdings Limited is deemed to be interested in 390,856,718 Shares under the SFO.
- (8) Ever Joy Securities Limited, Imagi Brokerage Limited, Win Wind Securities Limited and Planetree Securities Limited are Sub-underwriters of 99,856,718 Shares, 97,000,000 Shares, 97,000,000 Shares and 97,000,000 Shares respectively.
- (9) Ever Joy Securities Limited is wholly owned by Ever Joy International Holdings Limited. Therefore, Ever Joy International Holdings Limited is deemed to be interested in 99,856,718 Shares.
- (10) The approximate percentage of Shares interested in is calculated based on the enlarged issued share capital of the Company immediately after completion of the Open Offer (assuming no issue of new Shares or repurchase of Shares by the Company on or before the Record Date).

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

5. OTHER INTERESTS OF THE SHAREHOLDERS

As at the Latest Practicable Date:

- (i) no Shareholder is required to abstain from voting at the SGM;
- (ii) to the extent the Company is aware having made all reasonable enquiries, there is no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder or any obligation or entitlement of any Shareholder, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis; and
- (iii) there is no discrepancy between the Shareholder's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which it will control or will be entitled to exercise control over the voting right at the SGM.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in the assets which had been, since 31 December 2019, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

8. MATERIAL CONTRACTS

Save for the following, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by any member of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

- (i) the Underwriting Agreement;
- (ii) the Irrevocable Undertaking;
- (iii) the letter dated 19 October 2020 issued by the Underwriter in relation to the revised timetable for the Open Offer;
- (iv) a supplemental agreement dated 16 January 2019 entered into between Mr. Suen Cho Hung, Paul (“**Mr. Suen**”), a connected person of the Company and the beneficial owner of Success United, and Peak Prospect Global Limited (“**Peak Prospect**”), a wholly owned subsidiary of the Company, in relation to amendments of certain terms of the Acquisition (as defined below); and
- (v) a sale and purchase agreement dated 16 November 2018 entered into between Mr. Suen, a connected person of the Company and the beneficial owner of Success United, as vendor and Peak Prospect as purchaser in relation to the acquisition of the shareholder’s loan to and entire issued share capital of Polyworld Marine Corp. for a maximum consideration of US\$11,000,000 (the “**Acquisition**”).

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice contained in this circular:

Name	Qualifications
Moore Stephens CPA Limited	Certified Public Accountants
Donvex Capital Limited	A corporation licensed to conduct type 6 regulated activities as defined under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or advice, and references to its name in the forms and context in which they respectively appear.

As at the Latest Practicable Date, neither of the above experts had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, neither of the above experts had any direct nor indirect interest in any assets which had been, since 31 December 2019, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal place of business:	Room 2113, 21st Floor Great Eagle Centre 23 Harbour Road Wanchai Hong Kong

Underwriter:	Get Nice Securities Limited 10/F, Cosco Tower Great Millennium Plaza 183 Queen's Road Central Hong Kong
Legal adviser to the Company as to Hong Kong laws:	Reed Smith Richards Butler 17th Floor, One Island East Taikoo Place 18 Westlands Road Quarry Bay, Hong Kong
Legal adviser to the Company as to Singapore laws:	Altum Law Corporation 160 Robinson Rd #26-06 SBF Center Singapore 068914
Legal adviser to the Company as to Bermuda laws:	Conyers Dill & Pearman Pte. Ltd. 9 Battery Road #20-01 MYP Centre Singapore 049910
Auditors:	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F One Pacific Place 88 Queensway Hong Kong
Independent financial adviser to the Company:	Donvex Capital Limited Unit 2501-2502 25th Floor Carpo Commercial Building 18-20 Lyndhurst Terrace Central, Hong Kong
Reporting accountants:	Moore Stephens CPA Limited <i>Certified Public Accountants</i> 801-806 Silvercord, Tower 1 30 Canton Road Tsim Sha Tsui Kowloon Hong Kong

Principal bankers and financier:	Bank of Communications Co., Ltd., Hong Kong Branch Hang Seng Bank Limited Credit Suisse AG SinoPac Capital International Limited
Principal share registrar and transfer office:	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Hong Kong branch share registrar and transfer office:	Tricor Investor Services Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Singapore branch share registrar and transfer office:	Unit Trust/Share Registration Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Company secretary:	Ms. Wang Yu
Deputy company secretary:	Ms. Lee Pih Peng
Authorised representatives:	Mr. Sue Ka Lok Ms. Wang Yu

12. EXPENSES

The expenses in connection with the Open Offer, including the underwriting commission, the printing, registration, translation, legal, accounting and other professional fees, are estimated to be approximately HK\$3.66 million, which are payable by the Company.

13. LANGUAGE

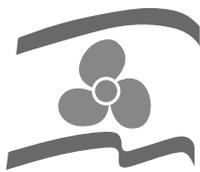
The English texts of this circular and the proxy form shall prevail over their Chinese texts in case of inconsistency.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours (i.e. from 9:00 a.m. to 5:00 p.m.) on any Business Day from the date of this circular up to and including the date of the SGM:

- (i) the Bye-laws of the Company;
- (ii) the annual reports of the Company for the two years ended 31 December 2018 and 2019 and the interim report of the Company for the six months ended 30 June 2020;
- (iii) the letter from the Board, the text of which is set out on pages 12 to 44 of this circular;
- (iv) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 45 to 46 of this circular;
- (v) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 47 to 64 of this circular;
- (vi) the report from Moore Stephens CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out on pages II-1 to II-5 of this circular;
- (vii) the material contracts referred to in the section headed “Material contracts” above in this appendix;
- (viii) the written consents referred to in the section headed “Experts and consents” in this appendix;
and
- (ix) this circular.

NOTICE OF SGM



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)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Courage Investment Group Limited (the “**Company**”) will be held at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong on Wednesday, 18 November 2020 at 10:30 a.m. (for shareholders in Hong Kong) and by electronic means (for shareholders/depositors in Singapore) for the purpose of considering and, if thought fit, passing, the following resolutions as a special resolution and, with or without amendments, an ordinary resolution respectively.

SPECIAL RESOLUTION

1. **“THAT** subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) granting the listing of, and permission to deal in, the Adjusted Shares (as defined below); and (ii) compliance with the procedures and requirements under section 46(2) of The Companies Act 1981 of Bermuda in respect of the Capital Reorganisation (as defined below), with effect from the second business day following the date on which this resolution is passed or such other date as the directors of the Company (the “**Director(s)**”) may determine:
 - (a) the par value of each of the issued shares of the Company of US\$0.06 each (the “**Existing Share(s)**”) be reduced from US\$0.06 to US\$0.001 by cancelling US\$0.059 of the paid-up capital on each issued Existing Share so that each issued Existing Share will be treated as one fully paid-up share of par value of US\$0.001 each (the “**Adjusted Share(s)**”) in the share capital of the Company (the “**Capital Reduction**”);
 - (b) immediately following the Capital Reduction, each unissued Existing Share of par value of US\$0.06 in the authorised share capital of the Company be sub-divided into sixty (60) Adjusted Shares (the “**Share Subdivision**”) so that immediately following the Capital Reduction and the Share Subdivision, the authorised share capital of the Company shall become US\$180,000,000 divided into 180,000,000,000 Adjusted Shares of US\$0.001 each;
 - (c) the entire amount standing to the credit of the share premium account of the Company be reduced (the “**Share Premium Account Reduction**”);

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- (d) the credits arising from the Capital Reduction and the Share Premium Account Reduction be transferred and credited to the contributed surplus account of the Company;
- (e) 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 be applied to set off the accumulated losses of the Company as permitted by the laws of Bermuda and the Bye-laws of the Company (the “**Bye-laws**”) and thereafter, the Directors be authorised 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 and all applicable laws; and
- (f) the Directors (or any one of them) be hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including by hand, as a deed or under the common seal of the Company where applicable, as they may consider necessary or expedient to give effect to the Capital Reduction, the Share Subdivision and the Share Premium Account Reduction (together, the “**Capital Reorganisation**”).”

ORDINARY RESOLUTION

- 2. “**THAT** subject to and conditional upon the Capital Reorganisation becoming effective and the fulfilment of other conditions precedent set out in the underwriting agreement dated 24 July 2020 (as supplemented by a letter dated 19 October 2020 in relation to the revised timetable for the Open Offer) (the “**Underwriting Agreement**”) entered into between the Company and Get Nice Securities Limited as the underwriter (the “**Underwriter**”), a copy of which marked “UA” has been produced to the SGM and initialled by the chairman of the SGM for identification purpose:
 - (a) the allotment and issue of 548,851,784 new Adjusted Shares by way of an open offer (the “**Open Offer**”) as new offer shares (the “**Offer Share(s)**”) at the subscription price of HK\$0.13 per Offer Share in the proportion of one (1) Offer Share for every one (1) Adjusted Share to the members of the Company (the “**Shareholder(s)**”) whose names appear on the register of members of the Company and Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”) on Wednesday, 25 November 2020 or such other record date as may be agreed between the Directors and the Underwriter (the “**Record Date**”) on and subject to such terms and conditions as may be determined by the Directors be and is hereby approved;
 - (b) the Directors be and are hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer and, in particular, the Directors may make such exclusions or other arrangements in relation to fractional entitlements, odd lots or those Shareholder(s) whose address(es) on the register of members of the Company and whose address(es) on the Depository Register maintained by CDP on the Record Date are outside Hong Kong or Singapore where the Directors, based on legal opinions provided by legal advisers of the Company, consider it necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the

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requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them as the Directors deem necessary, desirable or expedient having regard to any restrictions or obligations under the Bye-laws or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong or Singapore applicable to the Company;

- (c) the entering into of the Underwriting Agreement by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the unsubscribed Offer Shares, if any, by the Underwriter) be and are hereby approved;
- (d) the Offer Shares when issued and fully paid-up will rank *pari passu* in all respects with the Adjusted Shares then in issue, save for any dividends, rights, allotments or other distribution, the record date for which falls before the date of issue of the Offer Shares; and
- (e) any Director be and is hereby authorised to sign or execute such documents and do all such acts and things incidental to the Open Offer as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder or in this resolution.”

By Order of the Board
Courage Investment Group Limited
Sue Ka Lok
Chairman

Hong Kong and Singapore, 30 October 2020

Notes:

1. A Hong Kong Proxy Form (for Shareholders in Hong Kong), a Singapore Proxy Form (for Shareholders in Singapore) or a Depositor Proxy Form (for depositors who hold shares through an account with CDP (the “**Depositor(s)**”)) is enclosed herewith.
2. A Shareholder entitled to attend and vote at the SGM and who holds two or more shares of the Company is entitled to appoint not more than two proxies to attend and vote on his/her/its behalf provided that if the Shareholder is CDP or a clearing house (or its nominee(s)), CDP or the clearing house (or its nominee(s)) (as the case may be) may appoint more than two proxies to attend and vote at the SGM and each proxy shall be entitled to exercise the same powers on behalf of CDP or the clearing house (or its nominees) could exercise. A proxy need not be a Shareholder of the Company. The appointment of a proxy by a Shareholder does not preclude him/her/it from attending and voting in person at the SGM or any adjourned meeting (as the case may be) if he/she/it so wishes and in such event, the instrument appointing the proxy shall be deemed to be revoked.
3. A Shareholder in Hong Kong who wishes to appoint a proxy should complete the attached Hong Kong Proxy Form. Thereafter, the Hong Kong Proxy Form must be lodged at the office of the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting (as the case may be).

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4. A Shareholder in Singapore who wishes to appoint a proxy should complete the enclosed Singapore Proxy Form. Thereafter, the Singapore Proxy Form must be lodged at the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting (as the case may be).
5. For the avoidance of doubt, the Singapore Proxy Form should not be used by Depositors. Depositors who wish to attend and vote at the SGM should refer to paragraph 6 below.
6. (i) A Depositor which is a corporation or (ii) an individual Depositor who wishes to appoint a proxy, should complete, sign and return the Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting (as the case may be).
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or by his/her/its attorney duly authorised in writing. If a Shareholder or Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
8. For Shareholders in Hong Kong, in order to be eligible to attend and vote at the SGM, all unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 November 2020.
9. Where there are joint holders of any share(s), any one of such joint holders may vote, either in person or by proxy, in respect of such share(s) as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the SGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the share(s) shall be accepted to the exclusion of the votes of the other registered holders.

ALTERNATIVE ARRANGEMENTS FOR PARTICIPATION BY SHAREHOLDERS OR DEPOSITORS IN SINGAPORE AT THE SGM

- a. In light of the COVID-19 situation in Singapore and its embarkation on a three-phased approach to resume activities safely from 2 June 2020 where economic activities for certain sectors would be reopened gradually in phases, the Company will not be holding a video conference of the SGM in Singapore on 18 November 2020. Shareholders/Depositors in Singapore may participate in the SGM by: (a) observing and/or listening to the SGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the SGM; and (c) appointing the Chairman of the SGM as proxy to attend, speak and vote on their behalf at the SGM. Shareholders/Depositors in Singapore should note that they will not be able to ask questions during the SGM and accordingly, it is important for Shareholders/Depositors to submit their questions by the aforementioned deadline in advance of the SGM.
- b. Shareholders/Depositors in Singapore may watch the SGM proceedings through the SGM live webcast via your mobile phones, tablets or computers. To do so, Shareholders/Depositors will need to submit request by emailing to RSVP@boardroomlimited.com with the following information:
 - (i) Name of Shareholder/Depositor
 - (ii) NRIC/Passport Number (last 4 digits)
 - (iii) Mailing Address
 - (iv) Contact Number

This is to enable the Company to verify your identity as Shareholders/Depositors in Singapore who are entitled to attend the SGM. Registration must be completed not later than 2:30 p.m. on 16 November 2020, being two (2) working days before the time fixed for the SGM. Following the verification, authenticated Shareholders/Depositors will receive an email by 17 November 2020 containing the link, which you can click on to access the webcast of the SGM proceedings. Shareholders/Depositors must not forward the link to other persons who are not Shareholders/Depositors and who are not entitled to attend the SGM proceedings. This is also to avoid any Shareholder/Depositor from being refused access or technical disruptions or overload to the live SGM webcast. Shareholders/Depositors who register not later than 2:30 p.m. on 16 November 2020 but do not receive an email response by 17 November 2020 may contact the Company's Singapore share transfer agent for assistance at +65 6536 5355 between 10:00 a.m. to 4:00 p.m. (Singapore Time).

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- c. Shareholders/Depositors in Singapore who may have substantial and relevant questions in relation to any item of the notice of the SGM may submit such questions by emailing to the Company's designated email address at RSVP@boardroomlimited.com on or before 2:30 p.m. on 16 November 2020. Questions received after 2:30 p.m. on 16 November 2020 or questions not substantial or not relevant to the items stated in the SGM Notice will not be accepted for responses by the Board of Directors (the "**Board**") and/or the management. The Board and/or the management will endeavour to address substantial and relevant questions in relation to the resolutions to be tabled for approval at the SGM and may decide, at their discretion, which questions to respond to.
- d. Shareholders/Depositors in Singapore who wish to exercise their voting rights at the SGM shall appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the SGM. In appointing the Chairman of the Meeting as proxy, members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms and questions by post, members are strongly encouraged to submit completed proxy forms and questions electronically via email.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the SGM as proxy to attend, speak and vote at the SGM and/or any adjournment thereof, (b) completing the pre-registration in the manner as aforesaid, or (c) submitting any question prior to the SGM in the manner as aforesaid, a Shareholder/Depositor in Singapore consents to the collection, use and disclosure of the Shareholder/Depositor's personal data by the Company (or its agents or service providers) for the following purposes:

- (a) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the SGM as proxy for the SGM (including any adjournment thereof);
- (b) processing of the pre-registration for the purposes of granting access to Shareholders/Depositors to the live audio-visual webcast or live audio-only stream of the SGM proceedings and providing them with any technical assistance where necessary;
- (c) addressing substantial and relevant questions from Shareholders/Depositors received before the SGM and if necessary, following up with the relevant Shareholders/Depositors in relation to such questions;
- (d) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the SGM (including any adjournment thereof); and
- (e) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Shareholders/Depositors in Singapore should also note that the Company may be required to make further changes to its arrangements for the SGM as the situation evolves, and should keep abreast of the Company's announcements that may be made from time to time on the websites of the Company, the Hong Kong Stock Exchange and Singapore Exchange Securities Trading Limited.