



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)

2021

Interim Report



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Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“BDI”	Baltic Dry Index
“Board”	Board of Directors of the Company
“Company”	Courage Investment Group Limited
“Directors”	directors of the Company
“dwt”	dead weight tonnage
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	shareholders of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$” and “US cents”	United States dollars and cents, the lawful currency of the United States of America
“%”	per cent.

The Chinese version of this interim report is a translation of the English version and is for reference only, in case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Feng Xiaogang (*Chairman*)
Ms. Wang Yu
Ms. Sin Pui Ying

Independent Non-executive Directors

Mr. Zhou Qijin
Mr. Pau Shiu Ming
Mr. Tsao Hoi Ho

AUDIT COMMITTEE

Mr. Tsao Hoi Ho (*Chairman*)
Mr. Zhou Qijin
Mr. Pau Shiu Ming

REMUNERATION COMMITTEE

Mr. Pau Shiu Ming (*Chairman*)
Mr. Zhou Qijin
Mr. Tsao Hoi Ho

NOMINATION COMMITTEE

Mr. Zhou Qijin (*Chairman*)
Mr. Pau Shiu Ming
Mr. Tsao Hoi Ho
Dr. Feng Xiaogang

CHIEF EXECUTIVE OFFICER

Mr. Yuen Chee Lap, Carl

COMPANY SECRETARY

Ms. Wang Yu

DEPUTY COMPANY SECRETARY

Ms. Lee Pih Peng

TRADING OF SHARES

Hong Kong Stock Exchange
(Stock Code: 1145)
Singapore Exchange
(Stock Code: CIN)

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

PRINCIPAL BANKERS AND FINANCIER

Bank of Communications Co., Ltd.,
Hong Kong Branch
Hang Seng Bank Limited
Credit Suisse AG
SinoPac Capital International (HK) Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

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
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WEBSITE

www.courageinv.com

Management Discussion and Outlook

BUSINESS REVIEW

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

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

Marine transportation

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

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

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

Property holding and investment

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

Management Discussion and Outlook

Investment holding

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

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

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

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

Management Discussion and Outlook

A summary of the Group's major investments classified as debt instruments at FVTOCI, together with other information, is as below:

Issuer	Principal activities of the issuer	Approximate weighting to the market/ fair value of the Group's debt instruments at FVTOCI portfolio %	Approximate weighting to the total assets of the Group at 30 June 2021 %	Yield to maturity upon acquisition %	Acquisition costs US\$'000	*Acquisition costs during the period/ carrying amount at 1 January 2021 US\$'000	Market/fair value at 30 June 2021 US\$'000	Accumulated fair value gain (loss) recognised up to 30 June 2021 US\$'000	Fair value gain (loss) recognised during the period ended 30 June 2021 US\$'000
China Evergrande Group	Property related business	25.2%	4.0%	8.22 - 8.75	3,401	2,938	2,493	(908)	(445)
Pacific Century Premium Developments Limited	Property related business	14.4%	2.3%	4.68	1,403	1,410	1,423	20	13
Logan Property Holdings Company Limited	Property related business	20.4%	3.2%	5.48	1,978	2,036	2,022	44	(14)
China Aircraft Leasing Group Holdings Limited	Aircraft leasing	9.8%	1.5%	5.09	983	912	968	(15)	56
KWG Property Holding Limited	Property related business	10.2%	1.6%	5.37	1,029	1,019	1,014	(15)	(5)
Kaisa Group Holdings Limited	Property related business	8.3%	1.3%	11.68 - 11.75	799	842	819	20	(23)
Others	N/A	11.7%	1.9%	6.72 - 12.33	1,196	1,250	1,167	(29)	(83)
		<u>100.0%</u>	<u>15.8%</u>		<u>10,789</u>	<u>10,407</u>	<u>9,906</u>	<u>(883)</u>	<u>(501)</u>

* The amount represented the costs of the securities acquired during the six months ended 30 June 2021 and/or the carrying amount of the securities brought forward from the prior financial year after accounting for additional acquisition and/or disposal of the securities (if any) during the current financial period.

Management Discussion and Outlook

Merchandise trading

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

Share of result of a joint venture

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

OVERALL RESULTS

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

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

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

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

Management Discussion and Outlook

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

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

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

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

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

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

Use of proceeds from the Open Offer

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

Foreign currency management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in United States dollars and Hong Kong dollars. During HY2021, the Group had not experienced any significant exposure to exchange rate fluctuations, as such, the Group had not entered into any financial arrangements for hedging purposes. Appropriate measures will be undertaken by the Group should exchange rate fluctuations become significant.

Management Discussion and Outlook

Pledge of assets

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

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

Contingent liabilities

At 30 June 2021, the Group had no significant contingent liability (31 December 2020: nil).

Capital commitments

At 30 June 2021, the Group had no significant capital commitment (31 December 2020: nil).

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2021, the Group had 16 (31 December 2020: 15) employees including directors of the Company. For HY2021, staff costs (including directors' emoluments) amounted to US\$296,000 (30 June 2020: US\$170,000). The remuneration packages for directors and staff are normally reviewed annually and are structured by reference to the prevailing market terms and individual competence, performance and experience. The Group operates a Mandatory Provident Fund Scheme for employees in Hong Kong. In addition, the Group provides other employee benefits including medical insurance, subsidised training programme as well as discretionary bonus. During HY2021, the Group continued to engage a shipping agency to provide crew services (about 44 crew members) for two of the Group's vessels, crew expenses for the period amounting to US\$887,000 (30 June 2020: US\$828,000).

PROSPECTS

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

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

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Revenue			
Marine transportation income		3,636	3,537
Trading income		–	323
Interest income		392	390
Property rental income		91	110
Total revenue	4	4,119	4,360
Cost of goods sold and direct expenses		(2,493)	(2,746)
Other income		19	23
Other gains and losses, net	5	(36)	(1,878)
Administrative expenses		(665)	(616)
Share of result of a joint venture		(1)	(25)
Finance costs		(240)	(425)
Profit (loss) for the period attributable to owners of the Company	7	703	(1,307)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture		53	(68)
Net decrease in fair value of debt instruments at fair value through other comprehensive income		(501)	(228)
Other comprehensive expense for the period, net of income tax		(448)	(296)
Total comprehensive income (expense) for the period attributable to owners of the Company		255	(1,603)
Basic earnings (loss) per share attributable to owners of the Company (US cent)	9	0.06	(0.24)

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	<i>Notes</i>	At 30 June 2021 US\$'000 (Unaudited)	At 31 December 2020 US\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	29,599	30,280
Right-of-use asset		197	260
Investment property	11	9,256	9,295
Interest in a joint venture		4,996	4,944
Debt instruments at fair value through other comprehensive income	12	5,495	10,407
		49,543	55,186
Current assets			
Trade receivables	13	–	94
Other receivables and prepayments		706	887
Amount due from a joint venture		669	669
Debt instruments at fair value through other comprehensive income	12	4,411	–
Financial assets at fair value through profit or loss		58	58
Bank balances and cash		7,175	10,032
		13,019	11,740
Total assets		62,562	66,926

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	<i>Notes</i>	At 30 June 2021 US\$'000 (Unaudited)	At 31 December 2020 US\$'000 (Audited)
Current liabilities			
Deposits received, other payables and accruals		1,178	1,182
Contract liabilities		158	41
Borrowings – due within one year	14	5,482	6,089
Lease liabilities		138	136
		6,956	7,448
Net current assets		6,063	4,292
Total assets less current liabilities		55,606	59,478
Capital and reserves			
Share capital	15	1,098	549
Reserves		48,487	48,991
Total equity		49,585	49,540
Non-current liabilities			
Borrowings – due more than one year	14	5,939	9,786
Lease liabilities		82	152
		6,021	9,938
Total liabilities and equity		62,562	66,926

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Investment revaluation reserve US\$'000	Other reserve US\$'000 (Note)	Exchange reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1 January 2020 (audited)	32,931	42,449	-	(410)	1,531	(58)	(32,601)	43,842
Loss for the period	-	-	-	-	-	-	(1,307)	(1,307)
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture	-	-	-	-	-	(68)	-	(68)
Net decrease in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(228)	-	-	-	(228)
Total comprehensive expense for the period	-	-	-	(228)	-	(68)	(1,307)	(1,603)
At 30 June 2020 (unaudited)	32,931	42,449	-	(638)	1,531	(126)	(33,908)	42,239
At 1 January 2021 (audited)	549	-	41,029	(382)	10,362	251	(2,269)	49,540
Profit for the period	-	-	-	-	-	-	703	703
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture	-	-	-	-	-	53	-	53
Net decrease in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(501)	-	-	-	(501)
Total comprehensive (expense) income for the period	-	-	-	(501)	-	53	703	255
Issue of shares through open offer (note 15)	549	8,599	-	-	(8,831)	-	-	317
Transaction cost attributable to issue of shares (note 15)	-	(527)	-	-	-	-	-	(527)
At 30 June 2021 (unaudited)	1,098	8,072	41,029	(883)	1,531	304	(1,566)	49,585

Note: At 30 June 2021, other reserve of US\$1,531,000 represented excess of the fair value of a property interest transferred to the joint venture of the Group attributable to the Group over the carrying amount of a deferred consideration receivable, which was settled by an independent third party in the prior year.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Operating activities			
Profit (loss) for the period		703	(1,307)
Adjustments for:			
Interest income		(396)	(394)
Finance costs		240	425
Depreciation of property, plant and equipment		685	753
Depreciation of right-of-use asset		63	62
Decrease in fair value of an investment property	5	39	1,141
Net decrease in fair value of financial assets at fair value through profit or loss	5	–	738
Share of result of a joint venture		1	25
Operating cash flows before movements in working capital		1,335	1,443
Decrease in trade receivables		94	120
Decrease (increase) in other receivables and prepayments		76	(114)
Decrease in deposits received, other payables and accruals		(10)	(539)
Increase (decrease) in contract liabilities		117	(12)
Cash from operations		1,612	898
Interest income received		501	369
Interest expenses paid		(231)	(447)
Net cash from operating activities		1,882	820

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Investing activities			
Deposits paid for property, plant and equipment		–	(29)
Release of time deposit		–	500
Purchase of debt instruments at fair value through other comprehensive income		–	(401)
Purchase of property, plant and equipment	10	(4)	(530)
Net cash used in investing activities		(4)	(460)
Financing activities			
Proceeds from issue of shares	15	317	–
Transaction costs attributable to issue of shares	15	(527)	–
Repayment of lease liabilities		(71)	(30)
Repayment of borrowings		(4,454)	(1,634)
Net cash used in financing activities		(4,735)	(1,664)
Net decrease in cash and cash equivalents		(2,857)	(1,304)
Cash and cash equivalents at the beginning of the period		10,032	1,951
Cash and cash equivalents at the end of the period, represented by bank balances and cash		7,175	647

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1 GENERAL INFORMATION

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

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are marine transportation, property holding and investment, investment holding and merchandise trading.

2 PRINCIPAL ACCOUNTING POLICIES

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

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

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

Application of amendments to IFRSs

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3 SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3 SEGMENT INFORMATION (continued)

Segment assets

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

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

4 REVENUE

Disaggregation of revenue from contracts with customers

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5 OTHER GAINS AND LOSSES, NET

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

6 INCOME TAX EXPENSES

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

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

7 PROFIT (LOSS) FOR THE PERIOD

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

8 DIVIDEND

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

9 EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company	<u>703</u>	<u>(1,307)</u>

	Six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period	<u>1,082,542</u>	<u>548,852</u>

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

10 PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2021, addition of property, plant and equipment amounted to US\$4,000 (six months ended 30 June 2020: US\$530,000).

11 INVESTMENT PROPERTY

The fair value of the Group's investment property at 30 June 2021 and 31 December 2020 were arrived at on the basis of a valuation carried out on the respective dates by JP Assets Consultancy Limited, an independent qualified professional valuer not connected to the Group.

The fair value was determined based on the direct comparison approach by making reference to the recent transactions of properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the property, the highest and best use of the property was its current use.

12 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

Note:

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

13 TRADE RECEIVABLES

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

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

14 BORROWINGS

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14 BORROWINGS (continued)

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

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

15 SHARE CAPITAL

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

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

Notes:

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

- (i) the reduction of issued share capital of the Company whereby the par value of each issued share of the Company ("Share(s)") reduced from US\$0.06 to US\$0.001 by cancelling US\$0.059 of the paid-up capital on each issued Share (the "Capital Reduction");

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

15 SHARE CAPITAL (continued)

Notes: (continued)

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

16 PLEDGE OF ASSETS

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

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

17 RELATED PARTY DISCLOSURES

Details of transactions between the Group and the related parties are disclosed below:

- (a) During the period ended 30 June 2021, there was no transaction between the Group and the related parties that were not members of the Group.

During the period ended 30 June 2020, the Group paid lease expenses of US\$69,000 to Poly Investment & Finance Limited ("PIF"), a related party that was not a member of the Group. At 30 June 2020, Mr. Suen Cho Hung, Paul (a substantial shareholder of the Company) was the sole shareholder of PIF.

- (b) **Remuneration of key management personnel**

During the period ended 30 June 2021, the remuneration of the Group's key management personnel comprising directors and chief executive officers was as follows:

	Six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Short-term benefits	195	121
Post-employment benefits	4	2
	199	123

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value at 30 June 2021 US\$'000 (Unaudited)	Fair value at 31 December 2020 US\$'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Debt instruments at FVTOCI						
Listed debt securities	9,906	10,407	Level 1	Quoted prices in active markets	N/A	N/A
Financial assets at FVTPL						
Listed equity securities	58	58	Level 1	Quoted prices in an active market	N/A	N/A

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

19 APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 have been approved and authorised for issue by the Board on 24 August 2021.

Other Information

INTERIM DIVIDEND

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2021, none of the directors and chief executive of the Company had any interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Hong Kong Listing Rules (the "Model Code").

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 28 June 2017. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption.

The purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

No share options have been granted under the Share Option Scheme since its adoption.

Further details of the Share Option Scheme were set out in the 2020 annual report of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE OPTION SCHEME" above, at no time during the six months ended 30 June 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 30 June 2021, the following interests of more than 5% of the total number of issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company:

Name of Shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued shares
Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	315,990,132 (Note)	28.79%
Brilliant Epic Asia Limited ("Brilliant Epic")	Interest of controlled corporation	315,990,132 (Note)	28.79%
Success United Development Limited ("Success United")	Beneficial owner	315,990,132 (Note)	28.79%

Note:

Success United was a wholly-owned subsidiary of Brilliant Epic which was, in turn, wholly owned by Mr. Suen. Mr. Suen was the sole director of Brilliant Epic and Success United. Accordingly, Brilliant Epic and Mr. Suen were deemed to be interested in 315,990,132 shares of the Company held by Success United under the SFO.

The interests of Mr. Suen, Brilliant Epic and Success United in 315,990,132 shares of the Company referred to in the note above related to the same parcel of shares.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company at 30 June 2021 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the directors, all of them confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2021.

Other Information

UPDATE ON DIRECTORS' INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules since the date of the last published annual report up to 17 September 2021, being the latest practicable date before printing of this interim report:

Ms. Sin Pui Ying has become a member of The Institute of Chartered Accountants in England and Wales with effect from 10 August 2021.

AUDIT COMMITTEE

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

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

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

On behalf of the Board

Feng Xiaogang
Chairman

Hong Kong, 24 August 2021