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**COURAGE INVESTMENT GROUP LIMITED**  
**勇利投資集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Hong Kong Stock Code: 1145)**

**(Singapore Stock Code: CIN)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The Board of Directors (the “**Board**”) of Courage Investment Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 together with comparative figures as follows:

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

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>US\$'000</b>	<b>US\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>			
Marine transportation income		<b>7,265</b>	3,636
Interest income		<b>140</b>	392
Property rental income		<b>–</b>	91
		<hr/>	<hr/>
Total revenue	<i>3</i>	<b>7,405</b>	4,119
Cost of goods sold and direct expenses		<b>(3,240)</b>	(2,493)
Other income		<b>61</b>	19
Other gains and losses, net	<i>5</i>	<b>(173)</b>	(36)
Administrative expenses		<b>(693)</b>	(665)
Allowance for credit losses on debt instruments			
at fair value through other comprehensive income	<i>11</i>	<b>(1,617)</b>	–
Share of result of a joint venture		<b>(1)</b>	(1)
Finance costs		<b>(167)</b>	(240)
		<hr/>	<hr/>

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2022</b>	2021
		<i>US\$'000</i>	<i>US\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period attributable to owners of the Company</b>	7	<u>1,575</u>	<u>703</u>
<b>Other comprehensive (expense) income</b>			
<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		(265)	53
Net decrease in fair value of debt instruments at fair value through other comprehensive income		(2,424)	(501)
Release on redemption of debt instruments at fair value through other comprehensive income		(13)	–
Allowance for credit losses on debt instruments at fair value through other comprehensive income	11	<u>1,617</u>	<u>–</u>
Other comprehensive expense for the period, net of income tax		<u>(1,085)</u>	<u>(448)</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<u><u>490</u></u>	<u><u>255</u></u>
<b>Basic earnings per share attributable to owners of the Company (US cent)</b>	9	<u><u>0.14</u></u>	<u><u>0.06</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		At <b>30 June</b> <b>2022</b> <i>US\$'000</i> <b>(Unaudited)</b>	At 31 December 2021 <i>US\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		42,753	42,345
Deposit paid for acquisition of property, plant and equipment		196	195
Right-of-use asset		73	135
Investment property	10	–	8,756
Interest in a joint venture		4,901	5,167
Debt instruments at fair value through other comprehensive income	11	<u>337</u>	<u>2,731</u>
		<u><b>48,260</b></u>	<u>59,329</u>
<b>Current assets</b>			
Trade receivables	12	137	–
Other receivables and prepayments		735	999
Amount due from a joint venture		669	669
Debt instruments at fair value through other comprehensive income	11	1,384	3,814
Bank balances and cash		<u>18,115</u>	<u>7,640</u>
		<u><b>21,040</b></u>	<u>13,122</u>
<b>Total assets</b>		<u><b>69,300</b></u>	<u>72,451</u>

		At 30 June 2022 <i>US\$'000</i> (Unaudited)	At 31 December 2021 <i>US\$'000</i> (Audited)
<b>Current liabilities</b>			
Deposits received, other payables and accruals		186	311
Contract liabilities		416	15
Borrowings – due within one year	13	2,122	4,908
Lease liabilities		<u>82</u>	<u>140</u>
		<u>2,806</u>	<u>5,374</u>
<b>Net current assets</b>		<u>18,234</u>	<u>7,748</u>
<b>Total assets less current liabilities</b>		<u>66,494</u>	<u>67,077</u>
<b>Capital and reserves</b>			
Share capital		1,098	1,098
Reserves		<u>60,844</u>	<u>60,354</u>
<b>Total equity</b>		<u>61,942</u>	<u>61,452</u>
<b>Non-current liabilities</b>			
Borrowings – due more than one year	13	3,817	4,878
Deposit received		735	735
Lease liabilities		<u>–</u>	<u>12</u>
		<u>4,552</u>	<u>5,625</u>
<b>Total liabilities and equity</b>		<u><u>69,300</u></u>	<u><u>72,451</u></u>

Notes:

## 1. General information

The Company (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 2113, 21st Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company is primarily listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The condensed consolidated financial statements are presented in United States dollars (“**US\$**”), which is the functional currency of the Company, and all values are rounded to the nearest thousand (US\$’000) where appropriate or as indicated.

## 2. Principal accounting policies

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

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

Other than changes in accounting policies resulting from the application of the 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 2022 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 31 December 2021.

### 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 IASB which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

### 3. 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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)
Type of services:										
Marine transportation	6,457	2,741	-	-	-	-	-	-	6,457	2,741
Revenue from contracts with customers	6,457	2,741	-	-	-	-	-	-	6,457	2,741
Leases	808	895	-	91	-	-	-	-	808	986
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")	-	-	-	-	140	392	-	-	140	392
<b>Total revenue</b>	<b>7,265</b>	<b>3,636</b>	<b>-</b>	<b>91</b>	<b>140</b>	<b>392</b>	<b>-</b>	<b>-</b>	<b>7,405</b>	<b>4,119</b>

#### 4. 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 organises the Group based on different operating activities.

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

1. Marine transportation
2. Property holding and investment
3. Investment holding
4. 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. Allowance for credit losses on debt instruments at FVTOCI is included in the result of investment holding segment.

#### Segment revenue and results

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Segment revenue	<u>7,265</u>	<u>3,636</u>	<u>-</u>	<u>91</u>	<u>140</u>	<u>392</u>	<u>-</u>	<u>-</u>	<u>7,405</u>	<u>4,119</u>
Segment results	<u>4,029</u>	<u>1,154</u>	<u>(198)</u>	<u>52</u>	<u>(1,463)</u>	<u>389</u>	<u>-</u>	<u>-</u>	<u>2,368</u>	<u>1,595</u>
Unallocated:										
Corporate income									45	4
Corporate expenses									(670)	(655)
Share of result of a joint venture									(1)	(1)
Finance costs									<u>(167)</u>	<u>(240)</u>
<b>Profit for the period</b>									<u><u>1,575</u></u>	<u><u>703</u></u>

## Segment assets

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	<u>44,452</u>	<u>44,283</u>	<u>5,590</u>	<u>14,610</u>	<u>2,171</u>	<u>7,434</u>	<u>91</u>	<u>91</u>	<u>52,304</u>	66,418
Unallocated corporate assets									<u>16,996</u>	<u>6,033</u>
Total assets									<u>69,300</u>	<u>72,451</u>

## 5. Other gains and losses, net

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Loss on disposal of an investment property	(183)	–
Decrease in fair value of an investment property	–	(39)
Net gain on redemption of debt instruments at FVTOCI	13	–
Net foreign exchange (loss) gain	<u>(3)</u>	<u>3</u>
	<u>(173)</u>	<u>(36)</u>

## 6. Income tax expenses

There is no assessable profit arising in Hong Kong for the six months ended 30 June 2022 and 2021.

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

## 7. Profit for the period

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	<b>325</b>	287
– Contributions to retirement benefits scheme	<b>10</b>	9
	<hr/>	<hr/>
Total employee benefits expenses	<b>335</b>	296
	<hr/>	<hr/>
Marine crew expenses	<b>1,349</b>	887
Allowance for credit losses on debt instruments at FVTOCI	<b>1,617</b>	–
Depreciation of property, plant and equipment	<b>1,148</b>	685
Depreciation of right-of-use asset	<b>62</b>	63
Interest income from banks	<b>(26)</b>	(4)
	<hr/> <hr/>	<hr/> <hr/>

## 8. Dividend

No dividend was paid, declared or proposed during the interim period (six months ended 30 June 2021: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.



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

	At <b>30 June</b> <b>2022</b> <i>US\$'000</i> <b>(Unaudited)</b>	At 31 December 2021 <i>US\$'000</i> (Audited)
Listed debt securities	<u><b>1,721</b></u>	<u>6,545</u>
Analysed for reporting purposes as:		
Current assets	<b>1,384</b>	3,814
Non-current assets	<u><b>337</b></u>	<u>2,731</u>
	<u><b>1,721</b></u>	<u>6,545</u>

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.

During the interim period, an allowance for credit losses on debt instruments at FVTOCI of US\$1,617,000 (six months ended 30 June 2021: nil) was recognised in profit or loss with a corresponding adjustment to other comprehensive income.

## 12. Trade receivables

The credit period for customers of time charter are 0 day to 30 days (31 December 2021: 0 day to 30 days). An aged analysis of the Group's trade receivables from customers of marine transportation business based on invoice date at the end of the reporting period is as follows:

	At <b>30 June</b> <b>2022</b> <i>US\$'000</i> <b>(Unaudited)</b>	At 31 December 2021 <i>US\$'000</i> (Audited)
Trade receivables		
– Aged within 30 days based on invoice date	<u><b>137</b></u>	<u>–</u>

### 13. Borrowings

	At 30 June 2022 US\$'000 (Unaudited)	At 31 December 2021 US\$'000 (Audited)
Secured loans	<u>5,939</u>	<u>9,786</u>
The carrying amounts of the loans are repayable*:		
Within a period of not exceeding one year	2,122	4,908
Within a period of more than one year but not exceeding two years	3,817	2,122
Within a period of more than two years but not exceeding five years	<u>–</u>	<u>2,756</u>
Total	5,939	9,786
Less: Amounts due within one year shown under current liabilities	<u>(2,122)</u>	<u>(4,908)</u>
Amounts shown under non-current liabilities	<u>3,817</u>	<u>4,878</u>
Effective interest rate (%) per annum	<u>2.95 – 5.65</u>	<u>1.21 – 4.13</u>

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

The Group's borrowings were denominated in United States dollars (31 December 2021: United States dollars) which were also the functional currencies of the respective entities of the Group.

At 30 June 2022, the loans were carrying interest at London Interbank Offered Rate (“LIBOR”) (31 December 2021: LIBOR) plus certain basis points. The outstanding loans at 30 June 2022 were repayable within one to two years (31 December 2021: within one to three years).

The borrowings at 30 June 2022 were secured by the followings:

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

The borrowings at 31 December 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.

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

At 30 June 2022, two vessels (31 December 2021: three vessels) with an aggregate carrying amount of US\$26,943,000 (31 December 2021: US\$42,279,000) (including dry-docking) were pledged to a financial institution (31 December 2021: a bank and a financial institution) as security for the loan facilities granted to the Group.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## **BUSINESS REVIEW**

During the six months ended 30 June 2022 (“**HY2022**”), the Group continued to principally engage in the business of marine transportation, investment holding, property holding and investment, and merchandise trading.

Overall speaking, the market conditions of the Group’s marine transportation business had further improved during the review period primarily as a result of the revival of economic activities worldwide following the easing of the COVID pandemic, amidst the new market uncertainties brought by the war between Russia and Ukraine, and the intermittent disruptions to the global supply chain owing to congestions of some main ports including the ones in China. For HY2022, the Group reported an increase in revenue by 80% to US\$7,405,000 (30 June 2021: US\$4,119,000), which was driven by the increase in revenue of the marine transportation business, and recorded an increase in profit attributable to owners of the Company by 124% to US\$1,575,000 (30 June 2021: US\$703,000). Basic earnings per share were US0.14 cent (30 June 2021: US0.06 cent).

### **Marine transportation**

For HY2022, the revenue of the Group’s marine transportation business increased by 100% to US\$7,265,000 (30 June 2021: US\$3,636,000), and with its profit increased by 249% to US\$4,029,000 (30 June 2021: US\$1,154,000). The increases in revenue and profit of the operation were mainly attributed to the further improvement of market conditions of the marine chartering industry and the general increase in charter rates of the Group’s vessels during the period, which were largely resulted from the revival of economic activities worldwide following the easing of the COVID pandemic, including the full re-activation of major economies including China, the US and Europe, notwithstanding the new market uncertainties brought by the war between Russia and Ukraine, and the intermittent disruptions to the global supply chain owing to congestions of some main ports including the ones in China.

The Baltic Dry Index, which is closely correlated to market freight rate, fluctuated considerably during HY2022 by hitting its low of about 1,300 points in January 2022, rebounded to over 3,300 points in May 2022, and was hovering between the 2,000 to 3,000 points level throughout a large part of the period, compared to the 1,500 to 3,000 points level in the first half of 2021. Although market freight rates continue to fluctuate considerably, the current market outlook of the marine transportation business remains positive following the revival of economic activities worldwide and 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 class vessels, is approximately 171,000 dwt. The Group has yet to acquire a second-hand Supramax vessel as the price of this vessel class has increased significantly since 2021 and the market conditions of second-hand dry bulk vessels, particularly in terms of asking price, are rather volatile. The Group will continue with its plan of acquiring a second-hand dry bulk vessel, and may include the Panamax class carrier with greater carrying capacity (i.e. about 75,000 dwt) than Supramax as its target vessel type, which will allow more options to the Group, when market conditions become clearer and stable. The Group will inform shareholders of any update of the vessel acquisition as and when appropriate.

### **Investment holding**

The Group's investment holding business contributed a revenue of US\$140,000 (30 June 2021: US\$392,000) and recorded a loss of US\$1,463,000 (30 June 2021: profit of US\$389,000) for HY2022. The revenue of the business represented interest income from corporate bonds held by the Group and the loss incurred was mainly due to the recognition of allowance for credit losses on debt instruments (i.e. corporate bonds) at FVTOCI of US\$1,617,000 (30 June 2021: nil). The recognition of the credit losses was primarily a result of the further deterioration of the financial position of the issuer of the corporate bonds held by the Group during the review period. These bond issuers are all property companies based in the Mainland and their credit ratings have been downgraded by the credit agencies, and some of the bonds held by the Group are in default status due to non-payments of interest and/or principal.

As the Group expected the uncertainties of the financial position of these bond issuers would ultimately affect the collection of contractual cash flows from their bonds, an allowance for credit losses on debt instruments at FVTOCI of US\$1,617,000 (30 June 2021: nil), which mainly reflected the significant increase of credit risks of these bonds, was recognised during the period. The Group had engaged an independent qualified professional valuer to perform an impairment assessment on these debt instruments under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default and the loss given default (i.e. the magnitude of the loss if there is a default), and the assessment of the probability of default and loss given default is based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining the ECL on the Group's debt instruments for the period, the management had worked closely with the independent qualified professional valuer and took into account factors including the downgrading of credit rating of the bond issuers by the credit rating agencies and the defaults of some of the bond issuers in their payments of interest and/or principal, and forward-looking information including the future macroeconomic conditions at places where the bond issuers are operating.

During HY2022, the Group continued to invest in listed corporate bonds. The corporate bonds held by the Group at the period end were issued by property companies with a yield to maturity upon acquisition of these bonds ranging from approximately 5.37% to 12.33% per annum. The Group's investment strategy of corporate bonds is to target for bonds with good interest yield that commensurate with their default risk. For making investment decisions on bonds of individual target company, references will usually be made to its announcements, news, latest financial information, dividend policy and business prospects.

At the period end, the Group's investments classified as debt instruments at FVTOCI comprised a current and a non-current portion totalling US\$1,721,000 (31 December 2021: US\$6,545,000) which represented a portfolio of corporate bonds. The Group had not made any new investments in corporate bonds during the period. During HY2022, certain debt instruments with a total principal amount of US\$2,400,000 were matured and redeemed in full.

For HY2022, a net decrease in fair value of the Group's debt instruments at FVTOCI of US\$2,424,000 (30 June 2021: US\$501,000) was recognised as other comprehensive expense primarily owing to the decrease of their market values.

### **Property holding and investment**

In February 2022, the Group entered into a conditional provisional sale and purchase agreement with an independent third party to dispose of the Group's investment property at a consideration of HK\$68,300,000 (equivalent to US\$8,756,000). The transaction was approved by the Company's shareholders in a special general meeting held on 28 April 2022 and was completed on 6 June 2022. Upon completion of the disposal, a loss on disposal of US\$183,000 representing the direct expenses related to the disposal was recognised, which largely accounted for the loss incurred by the business for the period of US\$198,000 (30 June 2021: profit of US\$52,000). For HY2022, the Group's property holding and investment business had no revenue (30 June 2021: US\$91,000) as the investment property, being an office unit at Shun Tak Centre, Sheung Wan, Hong Kong, was vacant during the review period before it was disposed of. The Group is not holding any investment property at present and will seek for acquisition opportunities of investment properties with good rental yield and/or high appreciation potential.

## **Merchandise trading**

For HY2022, mainly owing to the prolonged continuation of the COVID pandemic, the Group's merchandise trading business, which focusing on trading of electronic components, remained in temporary halt, and there was no revenue (30 June 2021: nil) and profit (30 June 2021: nil) generated from the business. The Group intends to resume the business when market conditions improve.

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

For HY2022, the loss of a joint venture shared by the Group amounted to US\$1,000 (30 June 2021: US\$1,000) which was mainly related to the administrative expenses incurred by the joint venture. At 30 June 2022, the carrying value of the Group's investment in the joint venture was US\$4,901,000 (31 December 2021: US\$5,167,000). The major asset held by the joint venture is an industrial property in Shanghai, China which is vacant at present and is intended for leasing.

## **OVERALL RESULTS**

For HY2022, the Group recorded a profit attributable to owners of the Company of US\$1,575,000 (30 June 2021: US\$703,000) and total comprehensive income attributable to owners of the Company of US\$490,000 (30 June 2021: US\$255,000). Such increase in profit was mainly attributed to the increase in profit contribution from the Group's marine transportation operation to US\$4,029,000 (30 June 2021: US\$1,154,000), though partly offset by the recognition of an allowance for credit losses on debt instruments at FVTOCI of US\$1,617,000 (30 June 2021: nil).

## **FINANCIAL REVIEW**

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

During HY2022, the Group financed its operation mainly by cash generated from operations, credit facilities provided by a financial institution as well as shareholders' funds. At 30 June 2022, the Group had current assets of US\$21,040,000 (31 December 2021: US\$13,122,000) and liquid assets comprising bank balances and cash of US\$18,115,000 (31 December 2021: US\$7,640,000). The Group's current ratio, calculated based on current assets over current liabilities of US\$2,806,000 (31 December 2021: US\$5,374,000), was at a strong ratio of about 7.50 at the period end (31 December 2021: 2.44). The significant increase in current ratio was mainly attributed to the net proceeds received from the disposal of an investment property with carrying value of US\$8,756,000 during the review period, which in turn led to the increase in bank balances.

At 30 June 2022, the equity attributable to owners of the Company amounted to US\$61,942,000 (31 December 2021: US\$61,452,000), increased by US\$490,000 compared with the prior year end that was mainly resulted from the profit earned by the Group, after partly offsetting by the other comprehensive expense incurred during the current period.

At the period end, the Group's borrowings represented loans from a financial institution mainly applied for financing the holdings of vessels. The borrowings comprised a non-current portion of US\$3,817,000 and a current portion of US\$2,122,000. At 30 June 2022, the borrowings were denominated in United States dollars, bore interests at floating rates, and were secured by two vessels owned by the Group. The following is an analysis of the Group's borrowings and maturity profile:

	At <b>30 June</b> <b>2022</b> <i>US\$'000</i>	At 31 December 2021 <i>US\$'000</i>
Secured loans	<u><b>5,939</b></u>	<u>9,786</u>
The carrying amounts of the loans are repayable*:		
Within a period of not exceeding one year	<b>2,122</b>	4,908
Within a period of more than one year but not exceeding two years	<b>3,817</b>	2,122
Within a period of more than two years but not exceeding five years	<u>–</u>	<u>2,756</u>
	<u><b>5,939</b></u>	<u>9,786</u>

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

For HY2022, the Group's finance costs of US\$167,000 (30 June 2021: US\$240,000) represented mainly interests for the borrowings, finance costs decreased by 30% was mainly a result that the Group had fully repaid a bank loan of US\$2,786,000 in March 2022.

The Group's gearing ratio, calculated on the basis of total borrowings of US\$5,939,000 (31 December 2021: US\$9,786,000) divided by total equity of US\$61,942,000 (31 December 2021: US\$61,452,000), was at a low ratio of about 10% at the period end (31 December 2021: 16%).

With the amount of liquid assets on hand as well as the credit facilities granted by a 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 (with aggregate nominal value of US\$548,851.784) at the subscription price of HK\$0.13 per offer share (the closing price of the Company's shares was HK\$0.193 on the day when the subscription price was fixed) 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 were US\$8,621,000 (equivalent to a net subscription price of approximately HK\$0.12 per offer share), of which a sum of US\$2,821,000 was utilised 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 was earmarked as working capital for the Group's marine transportation business as explained in the Company's 2021 annual report. It is the intention of the Group to reutilise the remaining net proceeds of the Open Offer of US\$5,800,000 if and when the acquisition of a second-hand dry bulk vessel materialises.

## **PROSPECTS**

During HY2022, the market conditions of the Group's marine transportation business had further improved primarily as a result of the revival of economic activities worldwide following the easing of the COVID pandemic. Nevertheless, the war between Russia and Ukraine, the high oil price, and the fast rising inflation and interest rate hikes in some countries including the US and the UK have brought new uncertainties to the global economy.

Looking forward, the Group will continue with its plan of acquiring a second-hand dry bulk vessel, and may include the Panamax class carrier with greater carrying capacity than Supramax as its target vessel type, which will allow more options to the Group, when market conditions become clearer and stable. Moreover, the Group will continue to manage its businesses in a disciplined manner, as well as to explore potential investment and acquisition opportunities and business enhancement strategies which are expected to bring long-term benefits to the Group.

## **CORPORATE GOVERNANCE**

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules throughout the six months ended 30 June 2022.

## **AUDIT COMMITTEE**

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2022 have not been audited, but have been reviewed by the Audit Committee of the Company and have been duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 23 August 2022

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