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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 2023

The Board of Directors (the “**Board**”) of Courage Investment Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Unaudited)
Revenue			
Marine transportation income		3,953	7,265
Interest income		36	140
Total revenue	3	3,989	7,405
Direct expenses		(3,147)	(3,240)
Other income		344	61
Other gains and losses, net	5	(147)	(173)
Administrative expenses		(721)	(693)
Impairment loss reversed on vessels, net	10	109	–
Allowance for credit losses on debt instruments			
at fair value through other comprehensive income, net	11	(704)	(1,617)
Share of result of a joint venture		(591)	(1)
Finance costs		(115)	(167)

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Unaudited)
(Loss) profit before tax	6	(983)	1,575
Income tax expense	7	<u>—</u>	<u>—</u>
(Loss) profit for the period attributable to owners of the Company		<u>(983)</u>	<u>1,575</u>
Other comprehensive (expense) income			
<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		(164)	(265)
Net decrease in fair value of debt instruments at fair value through other comprehensive income		(789)	(2,424)
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, net	11	<u>704</u>	<u>1,617</u>
Other comprehensive expense for the period, net of income tax		<u>(249)</u>	<u>(1,085)</u>
Total comprehensive (expense) income for the period attributable to owners of the Company		<u>(1,232)</u>	<u>490</u>
Basic (loss) earnings per share attributable to owners of the Company (US cent)	8	<u>(0.09)</u>	<u>0.14</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		At 30 June 2023 <i>US\$'000</i> (Unaudited)	At 31 December 2022 <i>US\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	41,873	42,760
Right-of-use asset		153	11
Interest in a joint venture		3,260	4,015
Debt instruments at fair value through other comprehensive income	<i>11</i>	<u>622</u>	<u>1,392</u>
		<u>45,908</u>	<u>48,178</u>
Current assets			
Trade receivables	<i>12</i>	265	–
Other receivables and prepayments	<i>13</i>	2,571	1,525
Amount due from a joint venture		669	669
Debt instruments at fair value through other comprehensive income	<i>11</i>	245	264
Bank deposits		12,836	13,618
Cash and cash equivalents		<u>1,307</u>	<u>2,201</u>
		<u>17,893</u>	<u>18,277</u>
Total assets		<u><u>63,801</u></u>	<u><u>66,455</u></u>

		At 30 June 2023 <i>US\$'000</i> (Unaudited)	At 31 December 2022 <i>US\$'000</i> (Audited)
Current liabilities			
Deposits received, other payables and accruals	<i>14</i>	1,061	1,591
Contract liabilities		126	101
Borrowings – due within one year	<i>15</i>	1,817	2,122
Lease liabilities		97	12
		<u>3,101</u>	<u>3,826</u>
Net current assets		<u>14,792</u>	<u>14,451</u>
Total assets less current liabilities		<u>60,700</u>	<u>62,629</u>
Capital and reserves			
Share capital		1,098	1,098
Reserves		58,808	60,040
Total equity		<u>59,906</u>	<u>61,138</u>
Non-current liabilities			
Borrowings – due more than one year	<i>15</i>	–	756
Deposit received	<i>14</i>	735	735
Lease liabilities		59	–
		<u>794</u>	<u>1,491</u>
Total liabilities and equity		<u><u>63,801</u></u>	<u><u>66,455</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 1501, 15th 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 (“**SGX-ST**”). The condensed consolidated financial statements are presented in United States dollar (“**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 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 2023 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 31 December 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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:

Six months ended 30 June 2023

	Marine transportation <i>US\$'000</i> (Unaudited)	Investment holding <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
Type of services:			
Marine transportation	3,145	–	3,145
Revenue from contracts with customers	3,145	–	3,145
Leases	808	–	808
Interest income from debt instruments at fair value through other comprehensive income (“FVTOCI”)	–	36	36
Total revenue	3,953	36	3,989

Six months ended 30 June 2022

	Marine transportation <i>US\$'000</i> (Unaudited)	Investment holding <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
Type of services:			
Marine transportation	6,457	–	6,457
Revenue from contracts with customers	6,457	–	6,457
Leases	808	–	808
Interest income from debt instruments at FVTOCI	–	140	140
Total revenue	7,265	140	7,405

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. Investment holding
3. Property holding and investment
4. Merchandise trading

Segment results represent the profit/loss from each segment without allocation of corporate income, corporate expenses, impairment loss reversed on vessels, net, share of result of a joint venture and finance costs. The allowance for credit losses on debt instruments at FVTOCI, net is included in the result of the investment holding segment.

Segment revenue and results

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

Six months ended 30 June 2023

	Marine transportation US\$'000 (Unaudited)	Investment holding US\$'000 (Unaudited)	Property holding and investment US\$'000 (Unaudited)	Merchandise trading US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue	<u>3,953</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>3,989</u>
Segment results	<u>796</u>	<u>(771)</u>	<u>(10)</u>	<u>-</u>	<u>15</u>
Unallocated:					
Corporate income					336
Corporate expenses					(737)
Impairment loss reversed on vessels, net					109
Share of result of a joint venture					(591)
Finance costs					<u>(115)</u>
Loss before tax					<u><u>(983)</u></u>

Six months ended 30 June 2022

	Marine transportation <i>US\$'000</i> (Unaudited)	Investment holding <i>US\$'000</i> (Unaudited)	Property holding and investment <i>US\$'000</i> (Unaudited)	Merchandise trading <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
Segment revenue	<u>7,265</u>	<u>140</u>	<u>–</u>	<u>–</u>	<u>7,405</u>
Segment results	<u>4,029</u>	<u>(1,463)</u>	<u>(198)</u>	<u>–</u>	<u>2,368</u>
Unallocated:					
Corporate income					45
Corporate expenses					(670)
Share of result of a joint venture					(1)
Finance costs					<u>(167)</u>
Profit before tax					<u><u>1,575</u></u>

5. Other gains and losses, net

	Six months ended 30 June	
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Allowance for credit losses on other receivables	(104)	–
Written-off of property, plant and equipment	(41)	–
Loss on disposal of an investment property	–	(183)
Net gain on redemption of debt instruments at FVTOCI	–	13
Net foreign exchange loss	<u>(2)</u>	<u>(3)</u>
	<u>(147)</u>	<u>(173)</u>

6. (Loss) profit before tax

(Loss) profit before tax has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	334	325
– Contributions to retirement benefits scheme	13	10
	<u>347</u>	<u>335</u>
Total employee benefits expenses		
	<u>347</u>	<u>335</u>
Marine crew expenses	1,267	1,349
Depreciation of property, plant and equipment	1,019	1,148
Depreciation of right-of-use asset	51	62
Interest income from banks	(311)	(26)
	<u>(311)</u>	<u>(26)</u>

7. Income tax expense

There was no assessable profit arising in Hong Kong for the six months ended 30 June 2023 and 2022. In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

8. (Loss) earnings per share

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

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company	<u>(983)</u>	<u>1,575</u>

	Six months ended 30 June	
	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue during the period	<u>1,097,704</u>	<u>1,097,704</u>

For the six months ended 30 June 2023 and 2022, no diluted earnings per share is presented as there were no dilutive potential ordinary shares outstanding during both periods.

9. Dividend

No dividend was paid, declared or proposed during the six months ended 30 June 2023 (30 June 2022: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. Property, plant and equipment

During the six months ended 30 June 2023, addition of property, plant and equipment amounted to US\$64,000 (30 June 2022: US\$1,556,000).

During the interim period, the Baltic Dry Index (“**BDI**”) remained volatile compared with that of the prior year. Hence, the directors of the Company conducted a review of the recoverable amount of the Group’s vessels whereby a reversal of impairment loss on one vessel and an impairment loss on another vessel, resulting in a net reversal of impairment loss was recognised. The recoverable amount of a vessel is the higher of its value in use and its fair value less costs of disposal, and a reversal of impairment loss or an impairment loss is recognised when the recoverable amount of a vessel exceeds or less than its carrying amount.

The fair value of the Group’s vessels were determined based on the valuation carried out by JP Assets Consultancy Limited, an independent qualified professional valuer not connected to the Group, and the market approach was principally adopted for the valuation as there was a known market for used vessels. The fair value of the vessels were primarily determined based on the direct comparison method by making reference to the recent sale transactions of similar vessels with similar age and condition (Level 2 fair value hierarchy).

At 30 June 2023, the fair value less costs of disposal of the two vessels aforementioned were determined with reference to prevailing market conditions (including second-hand prices and freight rate of similar vessels) and amounted to US\$30,722,000 (31 December 2022: US\$30,225,000) in aggregate, and their individual fair value are higher than their respective value in use. As the aggregate recoverable amount of the two vessels exceeds the aggregate carrying amount of these vessels before impairment reversal, a net reversal of impairment loss of US\$109,000 (30 June 2022: nil) was recognised in profit or loss during the period .

11. Debt instruments at fair value through other comprehensive income

	At 30 June 2023 <i>US\$'000</i> (Unaudited)	At 31 December 2022 <i>US\$'000</i> (Audited)
Listed debt securities	<u>867</u>	<u>1,656</u>
Analysed for reporting purposes as:		
Current assets	245	264
Non-current assets	<u>622</u>	<u>1,392</u>
	<u>867</u>	<u>1,656</u>

These debt instruments are listed on either the Hong Kong Stock Exchange or SGX-ST.

For the six months ended 30 June 2023, a net allowance for credit losses on debt instruments at FVTOCI of US\$704,000 (30 June 2022: US\$1,617,000) 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 from 0 day to 30 days (31 December 2022: from 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 30 June 2023 <i>US\$'000</i> (Unaudited)	At 31 December 2022 <i>US\$'000</i> (Audited)
Trade receivables		
– Aged within 30 days based on invoice date	<u>265</u>	<u>–</u>

At 30 June 2023, the Group's trade receivables were neither past due nor impaired.

13. Other receivables and prepayments

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Other receivables	1,580	472
Reimbursement asset from an insurance company (<i>note 14</i>)	821	821
Account balance with brokers	10	10
Prepayments and other deposits for operating expenses	<u>160</u>	<u>222</u>
	<u><u>2,571</u></u>	<u><u>1,525</u></u>

14. Deposits received, other payables and accruals

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Accrued expenses and other payables for operations	240	770
Deposits received from lessee of vessel	735	735
Provision (<i>note</i>)	<u>821</u>	<u>821</u>
	<u><u>1,796</u></u>	<u><u>2,326</u></u>
Presented as:		
Current	1,061	1,591
Non-current	<u>735</u>	<u>735</u>
	<u><u>1,796</u></u>	<u><u>2,326</u></u>

Note: During the year ended 31 December 2022, one of the Group's vessels was involved in a collision with another vessel owned by an independent third party occurred in the seas of Singapore (the "Collision Event"). The owner of the other vessel has filed a claim against the loss caused by the negligence of the Group. The directors of the Company made the best estimate of the claim to be approximately US\$821,000 after consultation with the lawyers. The claim can be fully covered by an insurance policy took out by the Group and thus a corresponding amount is recognised as a reimbursement asset (*note 13*). The directors of the Company expect that the Collision Event is to be settled by the end of the year ending 31 December 2023.

15. Borrowings

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Secured loans	<u>1,817</u>	<u>2,878</u>
The carrying amounts of the loans are repayable*:		
Within a period not exceeding one year	1,817	2,122
Within a period of more than one year but not exceeding two years	<u>–</u>	<u>756</u>
Total	1,817	2,878
Less: Amounts due within one year shown under current liabilities	<u>(1,817)</u>	<u>(2,122)</u>
Amounts shown under non-current liabilities	<u>–</u>	<u>756</u>
Effective interest rate (%) per annum	<u>8.65 – 9.04</u>	<u>2.95 – 7.17</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 2022: United States dollars) which were also the functional currencies of the respective entities of the Group.

At 30 June 2023, the loans were carrying interest at London Interbank Offered Rate (“LIBOR”) (31 December 2022: LIBOR) plus certain basis points. The outstanding loans at 30 June 2023 were repayable within one year (31 December 2022: within one to two years).

The borrowings at 30 June 2023 and at 31 December 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.

16. Pledge of assets

At 30 June 2023, two vessels (31 December 2022: two vessels) with an aggregate carrying amount of US\$27,057,000 (31 December 2022: US\$27,404,000) (including dry-docking) were pledged to 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 2023 (30 June 2022: nil).

BUSINESS REVIEW

During the six months ended 30 June 2023 (“**HY2023**”), the Group continued to principally engage in the business of marine transportation, investment holding, property holding and investment, and merchandise trading.

The marine transportation market was relatively sluggish during HY2023 primarily due to the slowdown of China’s economy, the strong headwinds arising from high inflation and interest rate hikes in several major economies including the US, and the ongoing Russia-Ukraine war. In line with market conditions, for HY2023, the Group reported a decrease in revenue by 46% to US\$3,989,000 (30 June 2022: US\$7,405,000), mainly due to the decrease in revenue of the marine transportation business, and recorded a loss attributable to owners of the Company of US\$983,000 (30 June 2022: profit of US\$1,575,000). Basic loss per share was US0.09 cent (30 June 2022: basic earnings per share of US0.14 cent).

Marine transportation

For HY2023, the revenue of the Group’s marine transportation business decreased by 46% to US\$3,953,000 (30 June 2022: US\$7,265,000), and with its profit decreased by 80% to US\$796,000 (30 June 2022: US\$4,029,000). The decreases in revenue and profit of the operation were mainly due to the sluggish market conditions of the marine transportation industry, which in turn due to the slowdown of China’s economy, the strong headwinds arising from high inflation and interest rate hikes in several major economies including the US, and the ongoing Russia-Ukraine war.

The BDI, which is closely correlated to market freight rate, remained volatile during HY2023 by hitting its low of about 500 points in February 2023, rebounded to about 1,600 points in May 2023, hovering between the 500 to 1,500 points level for much of the period, and was considerably lower than the 2,000 to 3,000 points level in the first half of 2022. Although the market freight rates fluctuated considerably during the review period, the Group remains 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 dead weight tonnage. The Group has been considering to acquire a second-hand Supramax or Panamax size vessel but the price of these vessel types have increased significantly since 2021. However, there are signs that the second-hand dry bulk vessel market is softening compared to its peak in around mid-2022 and some buying opportunities have emerged. The Group will inform shareholders of any update of the vessel acquisition as and when appropriate.

At 30 June 2023, with reference to the then prevailing market conditions (including second-hand prices of similar vessels in terms of country of build, tonnage and age and market freight rate), a net reversal of impairment loss on vessels amounted to US\$109,000 (30 June 2022: nil) was recognised for HY2023.

Investment holding

The Group's investment holding business contributed a revenue of US\$36,000 (30 June 2022: US\$140,000) and recorded a loss of US\$771,000 (30 June 2022: US\$1,463,000) for HY2023. The revenue of the business represented interest income from corporate bonds and the loss incurred was mainly due to the recognition of net allowance for credit losses on debt instruments (i.e., corporate bonds) at FVTOCI of US\$704,000 (30 June 2022: US\$1,617,000). The recognition of the credit losses was primarily a result of the further deterioration of the financial position of the issuers 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 withdrawn or downgraded by the credit rating 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, a net allowance for credit losses on debt instruments at FVTOCI of US\$704,000 (30 June 2022: US\$1,617,000), which mainly reflected the significant increase in credit risks of these bonds, was recognised during HY2023. The Group had engaged an independent qualified professional valuer to perform an impairment assessment on these debt instruments under the expected credit losses model.

During HY2023, the Group continued to invest in listed corporate bonds. The corporate bonds held by the Group at the period end were issued by seven 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 current and non-current portions of US\$245,000 (31 December 2022: US\$264,000) and US\$622,000 (31 December 2022: US\$1,392,000) respectively, totalling US\$867,000 (31 December 2022: US\$1,656,000) and representing a portfolio of corporate bonds. The Group had not made any new investments in corporate bonds during the review period.

For HY2023, a net decrease in fair value of the Group's debt instruments at FVTOCI of US\$789,000 (30 June 2022: US\$2,424,000) was recognised as other comprehensive expense primarily due to the decrease in 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 six months period ended 30 June 2022 of US\$198,000. For the six months ended 30 June 2022, the Group's property holding and investment business had no revenue as the investment property, being an office unit at Shun Tak Centre, Sheung Wan, Hong Kong, was vacant before it was disposed of. The Group is not holding any investment property at present and will look for acquisition opportunities of investment properties with good rental yield and/or high appreciation potential.

Merchandise trading

During HY2023, mainly owing to the effect of the aftermath of the COVID pandemic, the Group's merchandise trading business, which focusing on trading of electronic components, remained in temporary halt and no revenue (30 June 2022: nil) and profit (30 June 2022: nil) was generated. The Group intends to resume the business when market conditions improve.

Share of result of a joint venture

For HY2023, the loss of the joint venture shared by the Group amounted to US\$591,000 (30 June 2022: US\$1,000) and was mainly related to the decrease in fair value of an industrial property in Shanghai, China held under the joint venture, the property is vacant at present and is intended for leasing. At 30 June 2023, the carrying value of the Group's investment in the joint venture was US\$3,260,000 (31 December 2022: US\$4,015,000) and the major asset held by it is the aforementioned industrial property.

OVERALL RESULTS

For HY2023, the Group recorded a loss attributable to owners of the Company of US\$983,000 (30 June 2022: profit of US\$1,575,000) and a total comprehensive expense attributable to owners of the Company of US\$1,232,000 (30 June 2022: total comprehensive income of US\$490,000). Such turnaround of the Group's results was mainly the combined effect of (i) the decrease in profit contribution from the Group's marine transportation operation to US\$796,000 (30 June 2022: US\$4,029,000); (ii) the decrease in net allowance for credit losses on debt instruments at FVTOCI to US\$704,000 (30 June 2022: US\$1,617,000); and (iii) the increase in share of loss of the joint venture by the Group to US\$591,000 (30 June 2022: US\$1,000).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During HY2023, 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 2023, the Group had current assets of US\$17,893,000 (31 December 2022: US\$18,277,000) and liquid assets comprising bank deposits and cash and cash equivalents totalling US\$14,143,000 (31 December 2022: US\$15,819,000). The Group's current ratio, calculated based on current assets over current liabilities of US\$3,101,000 (31 December 2022: US\$3,826,000), was at a strong ratio of about 5.77 (31 December 2022: 4.78) at the period end.

At 30 June 2023, the equity attributable to owners of the Company amounted to US\$59,906,000 (31 December 2022: US\$61,138,000), decreased by US\$1,232,000 compared with the prior year end and was mainly a result of the loss incurred by the Group of US\$983,000 (30 June 2022: profit of US\$1,575,000).

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 current portion of US\$1,817,000 (31 December 2022: US\$2,122,000) and nil non-current portion (31 December 2022: US\$756,000), totalling US\$1,817,000 (31 December 2022: US\$2,878,000). At 30 June 2023, 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 its maturity profile:

	At 30 June 2023 US\$'000	At 31 December 2022 US\$'000
Secured loans	<u>1,817</u>	<u>2,878</u>
The carrying amounts of the loans are repayable*:		
Within a period not exceeding one year	1,817	2,122
Within a period of more than one year but not exceeding two years	<u>–</u>	<u>756</u>
	<u>1,817</u>	<u>2,878</u>

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

For HY2023, the Group's finance costs of US\$115,000 (30 June 2022: US\$167,000) represented mainly interests for the borrowings, finance costs decreased by 31% was mainly a result of the decrease in the average amount of borrowings over the prior period.

The Group's gearing ratio, calculated on the basis of total borrowings of US\$1,817,000 (31 December 2022: US\$2,878,000) divided by total equity of US\$59,906,000 (31 December 2022: US\$61,138,000), was at a low ratio of about 3% (31 December 2022: 5%) at the period end.

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.

PROSPECTS

The marine transportation market was relatively sluggish during HY2023 primarily due to the slowdown of China's economy, the strong headwinds arising from high inflation and interest rate hikes in several major economies including the US, and the ongoing Russia-Ukraine war. Nevertheless, following the full relaxation of anti-COVID measures in many countries and global trading activities are returning to their normality, the Group is prudently optimistic about the prospects of the marine transportation business in the medium to long term.

The Group has yet to acquire a second-hand Supramax or Panamax vessel as the price of these vessel types have increased significantly since 2021. However, there are signs that the second-hand dry bulk vessel market is softening and some buying opportunities have emerged. The Group will continue with its plan of acquiring a second-hand dry bulk vessel and will inform shareholders of any update of the vessel acquisition as and when appropriate. Looking forward, 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 shareholders.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules throughout the six months ended 30 June 2023.

AUDIT COMMITTEE

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2023 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 2023, 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, 25 August 2023

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Sue Ka Lok (Chairman), Ms. Lee Chun Yeung, Catherine (Chief Executive Officer) and Ms Wang Yu; and three Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho.