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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)

MAJOR TRANSACTION
DISPOSAL OF PROPERTY

THE DISPOSAL

The Board announces that on 9 February 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Property, for a consideration of HK\$68,300,000 (equivalent to approximately US\$8,756,000), subject to fulfilment of the Condition. The Property is located in Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong.

GENERAL

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal.

A circular containing, among other things, details of the Disposal (including a valuation report in respect of the Property) and a notice convening the SGM is expected to be despatched to the Shareholders on or before 2 March 2022.

Shareholders and potential investors of the Company should note that Completion of the Disposal is conditional upon the satisfaction of the Condition. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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On 9 February 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Property, for a consideration of HK\$68,300,000 (equivalent to approximately US\$8,756,000), subject to fulfilment of the Condition.

The principal terms of the Provisional Agreement are summarised as follows:

Date: 9 February 2022

Parties:

- (i) Courage Marine Property Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, as Vendor
- (ii) Mutual Champion Investment Limited, a company incorporated in Hong Kong, as Purchaser
- (iii) Centaline Property Agency Limited, an Independent Third Party, as property agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and the property agent and their respective ultimate beneficial owners are Independent Third Parties.

Property to be disposed of: The Property is located at Unit No. 1801 on 18th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong.

The Property has a gross floor area of approximately 2,534 square feet and is currently vacant. It is sold to the Purchaser on an "as-is" basis and vacant possession will be delivered on Completion.

The unaudited carrying value of the Property as of 30 June 2021 amounted to US\$9,256,000 (equivalent to approximately HK\$72,197,000).

According to the audited accounts of the Vendor, the rental income attributable to the Property for the two financial years ended 31 December 2019 and 31 December 2020 amounted to US\$63,000 and US\$186,000 respectively. According to the unaudited management accounts of the Vendor, the rental income attributable to the Property for the financial year ended 31 December 2021 amounted to US\$181,000. No material direct operating expenses of the Group were attributable to the Property.

Condition: Completion is conditional upon the Shareholders having approved the Disposal at the SGM (which shall be convened on or before 20 May 2022) in accordance with Chapter 14 of the Listing Rules.

In the event the Condition is not fulfilled, all deposits paid by the Purchaser shall be refunded by the Vendor within three Business Days whereupon the Provisional Agreement is terminated and the parties thereto shall have no claim against each other.

Formal Agreement: The Vendor and the Purchaser will negotiate a formal agreement in respect of the Disposal to be signed on or before 23 February 2022, which is expected to incorporate the terms of the Provisional Agreement and other customary terms adopted in similar transactions. If the Vendor and the Purchaser do not reach an agreement on the terms of the formal agreement, the Provisional Agreement remains valid and of full force and effect.

Completion: Subject to satisfaction of the Condition, Completion is scheduled to take place on the Completion Date, being 6 June 2022.

Consideration: The consideration under the Provisional Agreement of HK\$68,300,000 (equivalent to approximately US\$8,756,000) is to be paid as follows:–

- (i) The Purchaser shall pay an initial deposit of HK\$3,415,000 (equivalent to approximately US\$438,000) upon signing of the Provisional Agreement;
- (ii) The Purchaser shall pay a further deposit of HK\$3,415,000 (equivalent to approximately US\$438,000) on or before 23 February 2022;
- (iii) The Purchaser shall pay the balance of the consideration of HK\$61,470,000 (equivalent to approximately US\$7,880,000) on the Completion Date.

The consideration underlying the Provisional Agreement has been negotiated between the Vendor and the Purchaser on an arm's length basis taking into account, among other things, the valuation of the Property by an independent valuer at HK\$68,700,000 (equivalent to approximately US\$8,808,000) as at 31 December 2021.

On the Completion Date, each of the Vendor and the Purchaser will pay to the property agent commission in the sum of HK\$683,000 (equivalent to approximately US\$88,000).

FURTHER INFORMATION ON THE GROUP AND THE PARTIES TO THE PROVISIONAL AGREEMENT

The Purchaser is a company incorporated in Hong Kong and based on information available to the Company, its principal activity is investment holdings and it is ultimately beneficially wholly-owned by Ngan Yuet Ching. Centaline Property Agency Limited is a property agent in Hong Kong and according to public records, was established by Mr. Shih Wing-ching.

The Company is an investment holding company and the Group is principally engaged in the business of marine transportation, property holding and investment, investment holding and merchandise trading. The Vendor is principally engaged in holding of the Property.

FINANCIAL EFFECT OF THE DISPOSAL

The Property was classified as investment property in the accounts of the Group as at 1 January 2021 with a carrying value of US\$9,295,000 (equivalent to approximately HK\$72,500,000). As a result of the Disposal, it is expected that the carrying value of the Property will be adjusted down to approximately US\$8,756,000 (equivalent to approximately HK\$68,300,000), which effectively represents the consideration for the Disposal (the "**Consideration**") of HK\$68,300,000, for the purpose of preparing the Group's financial statements for the year ended 31 December 2021.

The decrease in the carrying value of the Property of approximately US\$539,000 (equivalent to approximately HK\$4,200,000), which effectively represents the loss on the Disposal when comparing the Consideration of the Disposal against the carrying value of the Property as at 1 January 2021, is expected to be recognised as a decrease in fair value of an investment property (subject to review by the Company's auditor) in the Group's financial statements for the year ended 31 December 2021.

The net proceeds arising from the Disposal are expected to be approximately HK\$66,800,000 (equivalent to approximately US\$8,564,000) and are expected to be applied as working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In view of the adverse impact on the economic conditions and commercial property market in Hong Kong owing to the prolonged continuation of the COVID-19 pandemic, the Directors are of the opinion that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price. Whilst the carrying value of the Property was US\$9,295,000 (equivalent to approximately HK\$72,500,000) as at 1 January 2021, the Property was acquired by the Group in 2010 at a cost of approximately US\$3,820,000 (equivalent to approximately HK\$29,800,000). As an illustration, on the basis of comparing the Consideration of approximately US\$8,756,000 (equivalent to approximately HK\$68,300,000) against the historical acquisition cost of the Property, the Group will in effect recognise a gain on the Disposal of approximately US\$4,936,000 (equivalent to approximately HK\$38,500,000). Therefore, though the Group will effectively recognise a loss on the Disposal of approximately US\$539,000 (equivalent to approximately HK\$4,200,000) as aforementioned for the year ended 31 December 2021, the Group will in effect recognise a gain on the Disposal if it is accounted for on a historical cost basis, which in the view of the Directors a good opportunity to realise the value of the Property. Moreover, as the net proceeds from the Disposal will be applied as working capital of the Group, this will strengthen the financial position of the Group and provide more flexibility to the Group to better structure its assets portfolio. The Directors (including the independent non-executive Directors) consider the terms of the Provisional Agreement to be fair and reasonable, and that the Disposal is in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal.

A circular containing, among other things, details of the Disposal (including a valuation report in respect of the Property) and a notice convening the SGM is expected to be despatched to the Shareholders on or before 2 March 2022.

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	Board of Directors of the Company
“Business Days”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company”	Courage Investment Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are primarily listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1145) and secondarily listed on Singapore Exchange Securities Trading Limited (stock code: CIN)
“Completion”	completion of the Disposal
“Completion Date”	6 June 2022, being the date on which Completion takes place as stated in the Provisional Agreement
“Condition”	condition precedent to Completion pursuant to the Provisional Agreement as set out in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	proposed disposal of the Property to the Purchaser pursuant to the terms and conditions of the Provisional Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	third party(ies) who is(are) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“Property”	Unit 1801 on 18th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong, with a gross floor area of approximately 2,534 square feet
“Provisional Agreement”	the conditional provisional agreement for sale and purchase dated 9 February 2022 entered into between the Vendor, the Purchaser and the property agent in relation to the Disposal
“Purchaser”	Mutual Champion Investment Limited, a company incorporated in Hong Kong with limited liability
“SGM”	the special general meeting of the Shareholders to be convened by the Company to consider and if thought fit, approve the Disposal
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Vendor”	Courage Marine Property Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as of the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For illustration purposes, amounts in HK\$ in this announcement have been translated into US\$, and vice versa, at the exchange rate of US\$1 = HK\$7.80.

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

Hong Kong, 9 February 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.