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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the "**Board**") of Courage Investment Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** *US$'000*	2020 *US$'000*
Revenue			
Marine transportation income		**8,976**	6,598
Trading income		**–**	323
Interest income		**581**	782
Dividend income		**–**	31
Property rental income		**181**	186
Total revenue	*4*	**9,738**	7,920
Cost of goods sold and direct expenses		**(4,925)**	(5,195)
Other income		**82**	46
Other gains and losses, net	*6*	**(594)**	(1,521)
Administrative expenses		**(1,523)**	(1,193)
Impairment loss reversed (recognised) on vessels	*12*	**13,430**	(2,760)
Allowance for credit losses on debt instruments at fair value through other comprehensive income	*14*	**(5,360)**	–
Share of result of a joint venture		**87**	(45)
Finance costs	*7*	**(447)**	(723)

	Notes	2021 US$'000	2020 US$'000
Profit (loss) before tax	*8*	**10,488**	(3,471)
Income tax credit	*9*	**–**	1
Profit (loss) for the year attributable to owners of the Company		**10,488**	(3,470)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture		**136**	309
Net (decrease) increase in fair value of debt instruments at fair value through other comprehensive income		**(3,862)**	28
Allowance for credit losses on debt instruments at fair value through other comprehensive income		**5,360**	–
Other comprehensive income for the year, net of income tax		**1,634**	337
Total comprehensive income (expense) for the year attributable to owners of the Company		**12,122**	(3,133)
Basic earnings (loss) per share attributable to owners of the Company (US cent)	*10*	**0.96**	(0.54)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 US$'000	2020 US$'000
Non-current assets			
Property, plant and equipment	12	**42,345**	30,280
Deposit paid for acquisition of property, plant and equipment		**195**	–
Right-of-use asset		**135**	260
Investment property	13	**8,756**	9,295
Interest in a joint venture		**5,167**	4,944
Debt instruments at fair value through other comprehensive income	14	**2,731**	10,407
		59,329	55,186
Current assets			
Trade receivables	15	**–**	94
Other receivables and prepayments		**999**	887
Amount due from a joint venture		**669**	669
Debt instruments at fair value through other comprehensive income	14	**3,814**	–
Financial assets at fair value through profit or loss		**–**	58
Bank balances and cash		**7,640**	10,032
		13,122	11,740
Total assets		**72,451**	66,926

	Notes	**2021** *US$'000*	2020 *US$'000*
Current liabilities			
Deposits received, other payables and accruals		**311**	1,182
Contract liabilities		**15**	41
Borrowings – due within one year	*16*	**4,908**	6,089
Lease liabilities		**140**	136
		5,374	7,448
Net current assets		**7,748**	4,292
Total assets less current liabilities		**67,077**	59,478
Capital and reserves			
Share capital	*17*	**1,098**	549
Reserves		**60,354**	48,991
Total equity		**61,452**	49,540
Non-current liabilities			
Borrowings – due more than one year	*16*	**4,878**	9,786
Deposit received		**735**	–
Lease liabilities		**12**	152
		5,625	9,938
Total liabilities and equity		**72,451**	66,926

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 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 Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and secondarily listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The consolidated financial statements are presented in the 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. Application of amendments to International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment 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

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 Financial Instruments: Disclosures.

At 1 January 2021, the Group has borrowings amounting to US$15,875,000 of which interest rates are indexed to Hong Kong Interbank Offered Rate ("**HIBOR**") or London Interbank Offered Rate ("**LIBOR**"), that will or may be subject to interest rate benchmark reform.

None of the relevant contracts has been transitioned to the relevant replacement rates during the current year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 – 2020[2]

[1] Effective for annual periods beginning on or after 1 April 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**") and the disclosure requirements by the Hong Kong Companies Ordinance.

The 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 at the end of each reporting period.

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.

2021

	Marine transportation *US$'000*	**Property holding and investment** *US$'000*	**Investment holding** *US$'000*	**Merchandise trading** *US$'000*	**Total** *US$'000*
Types of goods and services:					
Marine transportation	**7,364**	**–**	**–**	**–**	**7,364**
Revenue from contracts with customers	**7,364**	**–**	**–**	**–**	**7,364**
Leases	**1,612**	**181**	**–**	**–**	**1,793**
Interest income from debt instruments at fair value through other comprehensive income ("**FVTOCI**")	**–**	**–**	**581**	**–**	**581**
Total revenue	**8,976**	**181**	**581**	**–**	**9,738**

2020

	Marine transportation *US$'000*	Property holding and investment *US$'000*	Investment holding *US$'000*	Merchandise trading *US$'000*	Total *US$'000*
Types of goods and services:					
Marine transportation	5,884	–	–	–	5,884
Merchandise trading	–	–	–	323	323
Revenue from contracts with customers	5,884	–	–	323	6,207
Leases	714	186	–	–	900
Interest income from debt instruments at FVTOCI	–	–	782	–	782
Dividend income from financial assets at fair value through profit or loss ("**FVTPL**")	–	–	31	–	31
Total revenue	6,598	186	813	323	7,920

5. 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, impairment loss reversed/recognised on vessels, 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	
	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*
Segment revenue	**8,976**	6,598	**181**	186	**581**	813	**–**	323	**9,738**	7,920
Segment results	**3,938**	1,716	**(313)**	(1,003)	**(4,843)**	450	**–**	4	**(1,218)**	1,167
Unallocated:										
Corporate income									**13**	43
Corporate expenses									**(1,377)**	(1,153)
Impairment loss reversed (recognised) on vessels									**13,430**	(2,760)
Share of result of a joint venture									**87**	(45)
Finance costs									**(447)**	(723)
Profit (loss) before tax									**10,488**	(3,471)

Geographical information

The Group's operations are principally located in Hong Kong and other Asian countries. The directors of the Company consider that the nature of the Group's marine transportation business precludes a meaningful allocation of the Group's revenue and non-current assets relating to such business to specific geographical segments as these revenue and non-current assets mainly derives from and include vessels which are utilised across different geographical markets.

Information about the Group's revenue from external customers/sources (other than marine transportation business) is presented based on the location of the operations. Information about the Group's non-current assets (other than marine transportation business) is presented based on the geographical location of the assets.

	Revenue from external customers/sources		Non-current assets	
	2021	2020	**2021**	2020
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong	**762**	1,322	**8,957**	9,633
People's Republic of China (excluding Hong Kong)	**–**	–	**5,167**	4,944
	762	1,322	**14,124**	14,577

Note: Revenue excluded the revenue from marine transportation business. Non-current assets excluded debt instruments at FVTOCI, the carrying amount of the vessels and dry-docking and deposit paid for acquisition of property, plant and equipment.

Information about major customers/sources

Revenue arising from customers/sources individually contributing over 10% of the total revenue of the Group are related to marine transportation segment and are disclosed as follows:

	2021	2020
	US$'000	*US$'000*
Customer/source A	**3,550**	1,182
Customer/source B	**2,871**	N/A
Customer/source C	**1,654**	N/A
Customer/source D	**N/A**	4,547

6. Other gains and losses, net

	2021	2020
	US$'000	*US$'000*
Decrease in fair value of an investment property	**(539)**	(1,167)
Net decrease in fair value of financial assets at FVTPL	**(58)**	(29)
Realised loss on disposal of financial assets at FVTPL	**–**	(326)
Net foreign exchange gain	**3**	1
	(594)	(1,521)

7. Finance costs

	2021	2020
	US$'000	*US$'000*
Interest expenses from borrowings	**441**	713
Interest on lease liabilities	**6**	10
	447	723

8. Profit (loss) before tax

Profit (loss) before tax has been arrived at after charging (crediting):

	2021	2020
	US$'000	*US$'000*
Auditor's remuneration		
– Audit service	**147**	147
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	**760**	405
– Contributions to retirement benefits scheme	**18**	11
Total employee benefits expenses	**778**	416
Cost of inventories recognised as expenses	**–**	319
Marine crew expenses	**1,892**	1,665
Depreciation of property, plant and equipment	**1,371**	1,500
Depreciation of right-of-use asset	**125**	125
Interest income from banks	**(7)**	(4)

9. Income tax credit

There was no assessable profit for the year ended 31 December 2021 arising in Hong Kong. In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

The amount of US$1,000 for the year ended 31 December 2020 represented the overprovision of Hong Kong Profits Tax in prior year.

10. 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:

	2021	2020
	US$'000	*US$'000*
Profit (loss)		
Profit (loss) for the year attributable to owners of the Company	**10,488**	(3,470)

	2021	2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year	**1,092,753**	645,999

The weighted average number of ordinary shares for the years ended 31 December 2021 and 2020 for the purpose of calculating the basic earnings (loss) per share had been adjusted to account for the effect of the bonus element of the open offer of the Company (note 17) which became effective on 5 January 2021.

For the years ended 31 December 2021 and 2020, no diluted earnings (loss) per share is presented as there were no dilutive potential ordinary shares outstanding during both years.

11. Dividend

During the year ended 31 December 2021, no dividend was paid, declared or proposed (2020: nil), nor has any dividend been proposed by the directors of the Company since the end of reporting period.

12. Property, plant and equipment

During the year, the Group experienced an improvement in market conditions of the marine transportation business following a significant increase in global freight rates, which is also demonstrated by the increase in Baltic Dry Index ("**BDI**") as compared with last year, that contributed to the increase in revenue of the vessels of the Group. In light of these considerations, the directors of the Company conducted a review of the recoverable amount of the Group's vessels whereby an impairment loss on a vessel recognised in prior years is reversed when the recoverable amount of a vessel, which in turn is the higher of its value in use and its fair value less costs of disposal, exceeds its carrying value.

The fair value of the Group's vessels were determined based on the valuation carried out by JP Asset 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 used 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 hierarchy).

At 31 December 2021, the fair value less costs of disposal of two vessels of the Group were determined with reference to prevailing market conditions (including second-hand prices and freight rate of similar vessels) and amounted to US$31,971,000 (2020: US$19,036,000) in aggregate, which is higher than their respective value in use and carrying amount before impairment reversal. Accordingly, an impairment loss on vessels of US$13,430,000 was reversed in profit or loss during the year (2020: an impairment loss on vessels of US$2,760,000 was recognised).

13. Investment property

	US$'000
FAIR VALUE	
At 1 January 2020	10,462
Decrease in fair value recognised in profit or loss	(1,167)
At 31 December 2020	9,295
Decrease in fair value recognised in profit or loss	(539)
At 31 December 2021	**8,756**

The Group's property interest held to earn rental income or for capital appreciation purposes represented an office unit in Hong Kong and was measured using the fair value model and was classified and accounted for as investment property.

A conditional provisional sale and purchase agreement was entered into subsequent to the end of the reporting period (note 19), and the fair value of the Group's investment property at 31 December 2021 has been determined by taking into account the agreed consideration set out in the sale and purchase agreement. The fair value of the Group's investment property at 31 December 2020 had been arrived at on the basis of a valuation carried out on that date 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 then prevailing market conditions, for which the market unit rate ranged from HK$26,000 to HK$32,000 per square feet. A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa. In estimating the fair value of the property, the highest and best use of the property was its current use. The investment property was at Level 2 fair value hierarchy and there were no transfers into or out of Level 2 in the current year.

The rental income generated from the Group's investment property, which was under operating lease, amounted to US$181,000 (2020: US$186,000) for the current year. No material direct operating expenses were incurred for the investment property.

14. Debt instruments at fair value through other comprehensive income

	2021	2020
	US$'000	*US$'000*
Listed debt securities	**6,545**	10,407
Analysed for reporting purpose as:		
Current assets	**3,814**	–
Non-current assets	**2,731**	10,407
	6,545	10,407

These debt instruments are listed on the Hong Kong Stock Exchange or SGX-ST. At 31 December 2021, these debt instruments are unsecured, carry coupon from 4.7% to 11.95% per annum and mature in 2022 to 2025.

During the year ended 31 December 2021, allowance for credit loss on debt instruments at FVTOCI of US$5,360,000 (2020: nil) was recognised in profit or loss with corresponding adjustment to other comprehensive income.

15. Trade receivables

	2021	2020
	US$'000	*US$'000*
Trade receivables		
– Aged within 60 days based on invoice date	**–**	94

The credit period for customers of time charter are 0 day to 30 days (2020: 0 day to 30 days). The Group normally allows credit period for customers of merchandise trading ranging from 0 day to 60 days (2020: 0 day to 60 days). At 31 December 2020, none of the Group's trade receivables balance were past due as at the reporting date.

16. Borrowings

	2021	2020
	US$'000	*US$'000*
Secured loans	**9,786**	15,875
The carrying amounts of the loans are repayable*:		
On demand	**–**	2,821
Within a period not exceeding one year	**4,908**	3,268
Within a period of more than one year but not exceeding two years	**2,122**	4,908
Within a period of more than two years but not exceeding five years	**2,756**	4,878
Total	**9,786**	15,875
Less: amounts due within one year shown under current liabilities	**(4,908)**	(6,089)
Amounts shown under non-current liabilities	**4,878**	9,786
Effective interest rate (%) per annum	**1.21 - 4.13**	1.10 - 5.79

* *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 (2020: United States dollars or Hong Kong dollars) which were also the functional currencies of the respective entities of the Group.

At 31 December 2021, the loans were carrying interest at LIBOR (2020: LIBOR or HIBOR) plus certain basis points. The outstanding loans at 31 December 2021 were repayable within one to three years (2020: repayable within one to four years).

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.

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.

17. 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 *(note (ii))*	177,000,000	–
At 31 December 2020 and 31 December 2021 (US$0.001 per share)	**180,000,000**	**180,000**
Issued and fully paid:		
At 1 January 2020 (US$0.06 per share)	548,852	32,931
Capital reduction *(note (i))*	–	(32,382)
At 31 December 2020 (US$0.001 per share)	548,852	549
Issue of shares through open offer	548,852	549
At 31 December 2021 (US$0.001 per share)	**1,097,704**	**1,098**

At 31 December 2021, all issued ordinary shares have a par value of US$0.001 each (2020: US$0.001 each), carry one vote per share and carry 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**");

(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. The new shares rank pari passu with the existing shares.

18. Pledge of assets

At 31 December 2021, three vessels with an aggregate carrying amount of US$42,279,000 (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.

19. Event after the reporting period

On 9 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 has not been completed at the date of this announcement.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2021 (2020: nil).

BUSINESS REVIEW

During the year ended 31 December 2021 ("**FY2021**"), the Group continued to principally engage in the business of marine transportation, property holding and investment, investment holding and merchandise trading.

Overall speaking, the market conditions of the marine transportation business have improved considerably during the year following the launch of vaccination campaigns globally to combat COVID-19, amidst the emergence of the coronavirus variants and the new wave of Omicron outbreaks in many regions. Following the launch of COVID-19 vaccination programs by many governments, there are signs that economic activities worldwide have started to regain momentum. The market conditions of the marine transportation business have become stable following the revival of economies activities of major economies including China, the US and Europe and the current market outlook of the business is positive. For FY2021, the Group reported an increase in revenue by 23% to US$9,738,000 (2020: US$7,920,000), which was driven by the increase in revenue of the marine transportation business, recorded a profit attributable to owners of the Company of US$10,488,000, which showing a turnaround from the loss of US$3,470,000 incurred in last year, and posted a basic earnings per share of US0.96 cent (2020: loss per share of US0.54 cent).

Marine transportation

For FY2021, the revenue of the Group's marine transportation business increased by 36% to US$8,976,000 (2020: US$6,598,000), and with its profit increased by 129% to US$3,938,000 (2020: US$1,716,000). The increases in revenue and profit of the operation were mainly attributed to the general improvement of market conditions of the marine chartering industry and the increase in charter rates of the Group's vessels during the year, which largely resulted from the increased demand for the Group's marine transportation services owing to the increased demand for commodities when many major economies including China, the US and Europe are moving towards their full economic recovery.

Following the launch of vaccination programs by many governments to fight against COVID-19 on a global basis, there are signs that economic activities worldwide have stabilised and started to regain momentum. The BDI, which is closely correlated to market freight rate, remained volatile during FY2021 by hitting its low of about 1,300 points in February 2021, reached its new 5-year high of over 5,600 points in October 2021, and was hovering between the 2,000 to 3,000 points level throughout a large part of the year, compared to the 600 to 1,200 points level in 2020. The current market outlook of the marine transportation business is positive following the revival of economic activities of major economies and market freight rate is currently hovering at relatively high levels. 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.

The carrying capacity of the Group's dry bulk fleet, which currently comprises three Supramax size 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 during FY2021 and the market conditions of second-hand dry bulk vessels, particularly in terms of asking price, are 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 of 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.

Property holding and investment

For FY2021, the property holding and investment business reported a revenue of US$181,000 (2020: US$186,000) that represented the rental income generated by the Group's investment property, being an office unit at Shun Tak Centre, Sheung Wan, Hong Kong. The property was vacant at the year end. In February 2022, the Group entered into a conditional provisional sale and purchase agreement with an independent third party to dispose of the property at a consideration of HK$68,300,000 (equivalent to US$8,756,000). As a result of the proposed disposal, the carrying value of the investment property was adjusted down to US$8,756,000, equivalent to the selling price, at the year end and a decrease in fair value of the property of US$539,000 (2020: US$1,167,000) was recognised, which effectively led to the loss incurred by the business for the year of US$313,000 (2020: US$1,003,000). The proposed disposal is subject to the approval of shareholders in a special general meeting to be held by the Company and the transaction has not been completed at the date of this announcement.

Investment holding

The Group's investment holding business contributed a revenue of US$581,000 (2020: US$813,000) and recorded a loss of US$4,843,000 (2020: profit of US$450,000) for FY2021. The revenue of the business comprised interest income from corporate bonds held by the Group and the loss incurred by the business was mainly due to the allowance for credit losses on debt instruments at FVTOCI of US$5,360,000 (2020: nil).

During FY2021, the credit ratings of some of the bonds held by the Group, which were issued by property companies based in the Mainland, were downgraded by the rating agencies as the credit risks of these bonds have increased significantly due to various reasons, including some of these bonds have defaulted in interest payments or the issuers of these bonds have defaulted in payments of their other bonds. As the Group expected the financial uncertainties 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$5,360,000 (2020: nil), which mainly reflected the significant increase of credit risks of these bonds, was recognised during the year. 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 year, the management had work closely with the independent qualified professional valuer and taking into accounts factors including the downgrading of credit rating of some of the debt instruments by the rating agencies and the defaults of some of the bond issuers in their payments of interest and principal, and forward-looking information including the future macroeconomic conditions at places where the bond issuers are operating.

At the year end, the Group's investments classified as "debt instruments at FVTOCI" comprised a current and non-current portion totalling US$6,545,000 (2020: US$10,407,000) which represented a portfolio of corporate bonds. The corporate bonds acquired by the Group were issued by property and aircraft leasing companies with a yield to maturity upon acquisition of these bonds ranging from approximately 4.68% to 12.33% per annum. The Group had not made any new investments in corporate bonds during the year. Moreover, as the Group disposed of a substantial part of its financial assets at FVTPL investments in last year, the Group's holding of financial assets at FVTPL at the year end was negligible.

For FY2021, a net decrease in fair value of the Group's debt instruments at FVTOCI of US$3,862,000 (2020: net increase of US$28,000) was recognised as other comprehensive expense primarily owing to the decrease of their market value.

Merchandise trading

During FY2021, mainly due to the prolonged continuation of the COVID-19 pandemic, there was no revenue (2020: US$323,000) and profit (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

For FY2021, the profit of a joint venture shared by the Group amounted to US$87,000 (2020: loss of US$45,000) which mainly related to the increase in fair value of an industrial property in Shanghai, China held under a joint venture, the property is vacant at present and is intended for leasing. At 31 December 2021, the carrying value of the investment in joint venture was US$5,167,000 (2020: US$4,944,000).

OVERALL RESULTS

The Group recorded a profit for the year attributable to owners of the Company of US$10,488,000 (2020: loss of US$3,470,000) and total comprehensive income attributable to owners of the Company of US$12,122,000 (2020: total comprehensive expense of US$3,133,000). The turnaround of the Group's results was mainly attributable to (i) the reversal of impairment loss on vessels of US$13,430,000 (2020: impairment loss of US$2,760,000), and (ii) the increase in profit contribution from the marine transportation business to US$3,938,000 (2020: US$1,716,000), though partly offset by (iii) an allowance for credit losses of US$5,360,000 recognised on debt instruments at FVTOCI held by the Group at the year end (2020: nil).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During FY2021, the Group financed its operation mainly by cash generated from operations, credit facilities provided by banks and other financial institution, as well as shareholders' funds. At 31 December 2021, the Group had current assets of US$13,122,000 (2020: US$11,740,000) and liquid assets comprising bank balances and cash of US$7,640,000 (2020: US$10,090,000 (including investment in listed equity securities)). The Group's current ratio, calculated based on current assets over current liabilities of US$5,374,000 (2020: US$7,448,000), was at a ratio of about 2.44 at the year end (2020: 1.58). The increase in current ratio was mainly due to debt instruments at FVTOCI with aggregate value of US$3,814,000 were reclassified as current assets as they would be matured within the next twelve months from the year end.

At 31 December 2021, the equity attributable to owners of the Company amounted to US$61,452,000 (2020: US$49,540,000), increased by US$11,912,000 compared to the prior year end that was mainly resulted from the profit earned by the Group during the current year.

At the year end, the Group's borrowings represented loans from a bank and other financial institution mainly applied for financing the holdings of vessels. At 31 December 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 31 December 2021 *US$'000*	At 31 December 2020 *US$'000*
Secured loans	**9,786**	15,875
The carrying amounts of the loans are repayable*:		
On demand	**–**	2,821
Within a period not exceeding one year	**4,908**	3,268
Within a period of more than one year but not exceeding two years	**2,122**	4,908
Within a period of more than two years but not exceeding five years	**2,756**	4,878
	9,786	15,875

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

For FY2021, the Group's finance costs of US$447,000 represented mainly interests for the borrowings, finance costs decreased by 38% (2020: US$723,000) was mainly a result of the repayment of 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 year.

The Group's gearing ratio, calculated on the basis of total borrowings of US$9,786,000 (2020: US$15,875,000) divided by total equity of US$61,452,000 (2020: US$49,540,000), was at a ratio of about 16% at the year end (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 (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 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 is currently applied as working capital for the marine transportation business of the Group as explained in more details below.

In the Company's circular dated 30 October 2020 issued in relation to the Open Offer, it was originally intended that (i) approximately US$2,821,000 (approximately HK$22 million) of the net proceeds would be applied to repay the outstanding principal amount of a bank revolving loan, and (ii) the remainder of the net proceeds for the acquisition of a Supramax vessel if and when such acquisition materialises. However, if such acquisition would not materialise within 12 months from the completion of the Open Offer, the Company intended to apply approximately 50% of the remainder of the proceeds to its marine transportation business, approximately 40% to its investment holding business and approximately 10% for its merchandise trading business as working capital which would continually be used and replenished in the course of operations of such business segments on an ongoing basis. Based on the Board's evaluation at that time and depending on the vessel's specifications, the estimated capital requirement for a second-hand Supramax vessel ranged from US$7 million to US$12 million.

As mentioned in the business review of marine transportation business above, there has been a general improvement of market conditions of the marine chartering industry during the year as reflected in the rise of charter rates of the Group's vessel and the marking of the new 5-year high of BDI. Owing to the improved outlook of the industry, the price range of the second-hand Supramax vessels with varying specifications that are under consideration by the management has also increased to around US$10 million to US$18 million, about 40%-50% higher than the original estimate. As the asking price of second-hand vessels in the market exceed the management's original estimate considerably and the prevailing market conditions are volatile, the management has not been able to identify and acquire a suitable second-hand dry bulk vessel as originally planned. Having said that, it is still the intention of the Group to 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.

In respect of the use of net proceeds of US$8,621,000 from the Open Offer, as mentioned above, a sum of US$2,821,000 was utilised as intended to repay a bank revolving loan, whilst the remainder of the net proceeds of US$5,800,000 was earmarked as working capital for the marine transportation business of the Group and largely remained as cash at the year end. The net proceeds from the Open Offer were not applied as working capital for the Group's merchandise trading and investment holding businesses as the Group was not active in its merchandise trading and investment activities primarily owing to the adverse economic impact brought by the prolonged continuation of the COVID-19 pandemic. 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

Following the launch of vaccination campaigns by many governments to fight against COVID-19 on a global basis, there are signs that their economies have stabilised and are on the path towards full-reactivation, despite the emergence of the coronavirus variants and the new wave of Omicron outbreaks in many regions. China has achieved strong positive GDP growth in 2021 and there are signs that the economy is undergoing a sustainable and healthy growth. 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 5,600 points in October 2021 and market freight rate is currently hovering at relatively high levels. 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.

The Group has yet to acquire a second-hand Supramax vessel as the price of this vessel class has increased significantly during FY2021 and the market conditions of second-hand dry bulk vessels, particularly in terms of asking price, are volatile. 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 to the Hong Kong Listing Rules for the year ended 31 December 2021.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2021 have been reviewed by the Audit Committee of the Company and are duly approved by the Board under the recommendation of the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the above preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the year ended 31 December 2021, 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, 22 March 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.