

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Courage Investment Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the stockbroker, bank, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



## **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 AND CONNECTED TRANSACTION** **ACQUISITION OF THE ENTIRE ISSUED SHARE** **CAPITAL OF A COMPANY AND RELATED** **SHAREHOLDER'S LOAN FROM SUBSTANTIAL SHAREHOLDER**

**Independent Financial Adviser to the**  
**Independent Board Committee and the Independent Shareholders**

**VEDA | CAPITAL**  
**智 略 資 本**

---

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 5 to 15 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from Veda Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and Independent Shareholders in relation to the Acquisition is set out on pages 18 to 30 of this circular.

A notice convening the SGM to be held at Room 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong and via video conference at Wangz Business Centre, 7 Temasek Boulevard, The Penthouse #44-01, Suntec Tower One, Singapore 038987 on Tuesday, 19 February 2019 at 2:30 p.m. is set out on pages SGM-1 to SGM-3 of this circular. The shareholder or depositor or proxy attending the said video conference will be able to pose questions to the Company and to comment on the issues to be considered at the SGM as set forth in the notice.

Whether or not you are able to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for shareholders in Hong Kong) or the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for shareholders in Singapore) as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be) should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

---

## CONTENTS

---

|   | <i>Page</i>  |
|---|--------------|
| <b>DEFINITIONS</b> .....  | <b>1</b>     |
| <b>LETTER FROM THE BOARD</b> .....  | <b>5</b>     |
| <b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....                                      | <b>16</b>    |
| <b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....                                    | <b>18</b>    |
| <b>APPENDIX I FINANCIAL INFORMATION OF THE GROUP</b> .....                                    | <b>I-1</b>   |
| <b>APPENDIX II FINANCIAL INFORMATION OF THE TARGET</b> .....                                  | <b>II-1</b>  |
| <b>APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION<br/>OF THE ENLARGED GROUP</b> ..... | <b>III-1</b> |
| <b>APPENDIX IV VALUATION REPORT OF THE VESSEL</b> .....                                       | <b>IV-1</b>  |
| <b>APPENDIX V GENERAL INFORMATION</b> .....   | <b>V-1</b>   |
| <b>NOTICE OF SPECIAL GENERAL MEETING</b> .....  | <b>SGM-1</b> |

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

|                         |  |
|-------------------------|--|
| “Acquisition”           | proposed acquisition of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Agreement  |
| “Agreement”             | sale and purchase agreement dated 16 November 2018 entered into between the Vendor and the Purchaser in relation to the Acquisition as amended and/or supplemented by the Supplemental Agreement   |
| “Banking Day(s)”        | day(s) on which banks are open in the United States, Hong Kong, Frankfurt and London   |
| “Bermuda Companies Act” | Companies Act 1981 of Bermuda, as amended from time to time  |
| “Board”                 | Board of Directors   |
| “Business Day(s)”       | a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong  |
| “Bye-laws”              | Bye-laws of the Company, as amended, supplemented or modified from time to time  |
| “CDP”                   | The Central Depository (Pte) Limited or its nominee(s), as the case may be   |
| “close associate(s)”    | has the meaning ascribed thereto under the Listing Rules   |
| “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 Stock Exchange and secondarily listed on the Main Board of SGX-ST  |
| “Completion”            | completion of the Acquisition in accordance with the terms and conditions of the Agreement   |
| “Completion Date”       | on or before the third Business Day after the passing by the Independent Shareholders of the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the SGM in accordance with the Listing Rules or such other time as the Vendor and the Purchaser may agree in writing |
| “connected person(s)”   | has the meaning ascribed thereto under the Listing Rules   |
| “Deposit”               | deposit in the sum of US\$1,088,000, being partial payment of the consideration for the Acquisition pursuant to the Agreement  |

---

## DEFINITIONS

---

|  |  |
|--|--|
| “Depositor(s)”                                     | shall have the meaning ascribed to it by Section 81SF of the Singapore Securities and Futures Act  |
| “Depository Register”                              | shall have the meaning ascribed to it by Section 81SF of the Singapore Securities and Futures Act  |
| “Director(s)”                                      | director(s) of the Company   |
| “dwt.”   | an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship’s carrying capacity, including bunker oil, fresh water, crew and provisions   |
| “Enlarged Group”                                   | the Group including the Target after the Completion  |
| “Group”  | the Company and its subsidiaries from time to time   |
| “Hong Kong”  | Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Independent Board Committee”                      | independent board committee of the Company comprising all Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. To Yan Ming, Edmond and Mr. Pau Shiu Ming, to advise the Independent Shareholders on the Acquisition |
| “Independent Financial Adviser”,<br>“Veda Capital” | Veda Capital Limited, a licensed corporation authorised to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)               |
| “Independent Shareholders”                         | Shareholders other than the Vendor, together with his close associates who are required by the Listing Rules to abstain from voting on the resolution(s) approving the Agreement and the transactions contemplated thereunder  |
| “Latest Practicable Date”                          | 16 January 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein  |
| “Listing Rules”                                    | Rules Governing the Listing of Securities on the Stock Exchange  |
| “Long Stop Date”                                   | 28 February 2019 or such other date as the Vendor and the Purchaser shall agree in writing   |
| “MOA”  | memorandum of agreement dated 16 November 2018 entered into between the Principal Vendor as vendor and the Target as the purchaser in relation to the acquisition of the Vessel  |

---

## DEFINITIONS

---

|                                |   |
|--------------------------------|---|
| “Other Ancillary Expenditures” | incidental expenditures in connection with the preparation, negotiations and entering into of the MOA and the Agreement incurred and to be incurred by the Target, including but not limited to escrow fee and legal costs, and fuels, lubricants and running costs of the Vessel before Completion. For details, please refer to the section “2. THE AGREEMENT – Consideration” of this circular |
| “Principal Vendor”             | Bergen Yangzhou Supramax Carriers AS, a limited liability company incorporated in Bergen, Norway which, together with its ultimate beneficial owners, are, to the best knowledge, information and belief of the Directors, third parties independent of the Company and connected persons of the Company  |
| “Purchaser”                    | Peak Prospect Global Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company   |
| “Sale Loan”                    | aggregate amount of an interest-free shareholder’s loan, advanced by the Vendor to the Target from time to time for settling the consideration under the MOA and Other Ancillary Expenditures, as at the Completion Date  |
| “Sale Shares”                  | 100 ordinary shares of US\$100 each in the Target, representing the entire issued share capital of the Target   |
| “SFO”                          | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “SGM”                          | special general meeting of the Shareholders to be convened by the Company to consider and approve the Agreement and the transactions contemplated thereunder  |
| “SGM Notice”                   | notice for convening the SGM which is set out on pages SGM-1 to SGM-3 of this circular  |
| “SGX-ST”                       | Singapore Exchange Securities Trading Limited   |
| “SGX-ST Listing Manual”        | listing manual of the SGX-ST, as amended, modified or supplemented from time to time  |
| “Share(s)”                     | ordinary share(s) at par value of US\$0.06 each in the issued share capital of the Company  |
| “Shareholder(s)”               | holder(s) of the Share(s)   |

---

## DEFINITIONS

---

|  |  |
|--|--|
| “Singapore”                            | Republic of Singapore  |
| “Singapore Securities and Futures Act” | Securities and Futures Act (Chapter 289) of Singapore, as amended, modified and supplemented from time to time   |
| “Stock Exchange”                       | The Stock Exchange of Hong Kong Limited  |
| “Supplemental Agreement”               | supplemental agreement dated 16 January 2019 entered into between the Vendor and the Purchaser in relation to the Acquisition  |
| “Target”                               | Polyworld Marine Corp., a company incorporated in the Republic of Panama with limited liability, the entire issued share capital of which is currently held by Mr. Suen and will be held by the Purchaser after Completion         |
| “US\$”                                 | United States dollars, the lawful currency of the United States  |
| “United States”                        | the United States of America   |
| “Vendor”, “Mr. Suen”                   | Mr. Suen Cho Hung, Paul, a substantial shareholder of the Company holding, through Success United Development Limited whose entire issued share capital is ultimately owned by him, approximately 15.9% of the total issued Shares |
| “Vessel”                               | a vessel formerly named MV Grand Pioneer (now named as MV Polyworld) which forms the subject matter of the sale and purchase under the MOA   |
| “%”                                    | per cent.  |

Any reference in this circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Bermuda Companies Act, the SGX-ST Listing Manual, the Listing Rules, the SFO or any modification thereof and used in this circular shall, where applicable, have the meaning assigned to it under the Bermuda Companies Act, the SGX-ST Listing Manual, the Listing Rules, the SFO or any modification thereof, as the case may be.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

---

LETTER FROM THE BOARD

---



**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)**

*Non-executive Director:*

Mr. Sue Ka Lok (*Chairman*)

*Executive Directors:*

Mr. Zhang Liang (*Chief Executive Officer*)

Ms. Wang Yu

Ms. Wan Jia

*Independent Non-executive Directors:*

Mr. Zhou Qijin

Mr. To Yan Ming, Edmond

Mr. Pau Shiu Ming

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business in*

*Hong Kong:*

Suite 1510, 15th Floor

Great Eagle Centre

23 Harbour Road

Wanchai, Hong Kong

29 January 2019

*To the Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION**  
**ACQUISITION OF THE ENTIRE ISSUED SHARE**  
**CAPITAL OF A COMPANY AND RELATED**  
**SHAREHOLDER'S LOAN FROM SUBSTANTIAL SHAREHOLDER**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 16 November 2018 in relation to the Acquisition.

On 16 November 2018 (after trading hours), the Vendor entered into the Agreement with the Purchaser, a wholly owned subsidiary of the Company, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares constituting the entire issued share capital of the Target, and the Sale Loan for a maximum aggregate consideration of US\$11,000,000.

---

## LETTER FROM THE BOARD

---

On 16 November 2018 prior to signing of the Agreement, in order to facilitate the acquisition of the Vessel by the Purchaser, the Vendor, a substantial shareholder of the Company, procured the Target to enter into the MOA, pursuant to which the Principal Vendor agreed to sell and the Target agreed to purchase the Vessel, with the intention of transferring the Vessel to the Group through the sale of the Target to the Group. In light of the Christmas holidays period and with mutual consent between the Principal Vendor and the Target, the acquisition of the Vessel was completed on 19 December 2018 ahead of schedule, and in light of the ancillary expenditures relating to the Vessel incurred and to be incurred by the Target, on 16 January 2019, the Vendor and the Purchaser entered into the Supplemental Agreement which contains, inter alia, (i) the amendment to the maximum consideration payable under the Agreement to US\$11,500,000, (ii) the extension of the long stop date of the Agreement to 28 February 2019 in light of the additional time required to prepare and finalise this circular, and (iii) an addition of a provision relating to the operation and the operating results of the Vessel.

The purpose of this circular is to provide you with (i) further information on the Acquisition; (ii) a letter from the Independent Board Committee in respect of the Acquisition; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iv) the valuation report of the Vessel; and (v) a notice convening the SGM to be convened for the purpose of considering and, if thought fit, approving, by way of poll, the Acquisition.

### 2. THE AGREEMENT

The principal terms of the Agreement (as amended and/or supplemented by the Supplemental Agreement) are as follows:

#### **Date**

16 November 2018

#### **Parties**

Vendor: Mr. Suen Cho Hung, Paul

Purchaser: Peak Prospect Global Limited

#### **Assets to be acquired**

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares free from all encumbrances and the Sale Loan. As referred to in the paragraph headed "THE MOA" below, on 16 November 2018 prior to signing of the Agreement, the Target as purchaser entered into the MOA with the Principal Vendor as vendor in relation to the acquisition of the Vessel.



---

## LETTER FROM THE BOARD

---

### Consideration

The consideration shall comprise (i) US\$10,000, which represents the consideration payable by the Purchaser for the Sale Shares; and (ii) the maximum sum of US\$11,490,000, payable by the Purchaser for the Sale Loan on a dollar for dollar basis as at the Completion Date. The maximum aggregate consideration is thus US\$11,500,000 which has been/shall be paid by the Purchaser in the following manner:

- (a) the Deposit in the sum of US\$1,088,000 has been paid within 5 Business Days upon signing of the Agreement; and
- (b) the balance of the consideration is payable on Completion.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Target has not entered into any business transaction prior to entering into the MOA. Accordingly, the aggregate consideration for the Sale Shares and the Sale Loan effectively represents the aggregate consideration of US\$10,880,000 which was paid by the Target to the Principal Vendor under the MOA as referred to in the section headed “3. THE MOA” below together with Other Ancillary Expenditures as at the Completion Date.

The difference of US\$620,000 between the aggregate consideration payable for the Vessel under the MOA, i.e. US\$10,880,000 and the maximum aggregate consideration payable under the Agreement, i.e. US\$11,500,000 provides a buffer for the Other Ancillary Expenditures, which include escrow fee and legal costs associated with the incorporation of the Target and the preparation, negotiations and entering into of the MOA and the Agreement amounting to US\$17,000 as at 30 November 2018 as disclosed as “*Prepayments*” on page II-5 of this circular, and are expected to include the fuels, lubricants and running costs of the Vessel before Completion up to the extent of approximately US\$603,000, the exact amount of which will only be ascertainable at Completion.

The consideration for the Sale Shares was determined after arm’s length negotiations between the Vendor and the Purchaser based on their par value. The consideration for the Sale Loan was determined after arm’s length negotiations between the Vendor and the Purchaser and would represent, together with the consideration for the Sale Shares, the actual consideration under the MOA and Other Ancillary Expenditures.

In consideration of the Vendor facilitating the acquisition of the Vessel (through the acquisition of the Target) by the Purchaser, the Purchaser has agreed to reimburse all costs, fees and expenses incurred by the Vendor upon production of evidence satisfactory to the Purchaser, in connection with the preparation, negotiations and entering into of the MOA and the Agreement subject to a maximum amount of US\$50,000 as stated in the Agreement.

The difference of US\$620,000 between the aggregate consideration payable for the Vessel under the MOA and the maximum aggregate consideration payable under the Agreement abovementioned does not include such reimbursement to the Vendor. Such reimbursement, if any, would be made to the Vendor in case any expense is personally incurred by the Vendor for the transactions under the MOA which has not been booked into the accounts of the Target.

---

## LETTER FROM THE BOARD

---

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vessel was off-hire since late September 2018. A new charter agreement dated 17 December 2018 was entered into between the Target and an independent third party in respect of time chartering of the Vessel at a charter fee of USD10,325 per day for a minimum period of 10 months and the Vessel was delivered to the charterer on 4 January 2019. As the completion date of the MOA was on 19 December 2018, all charter fee income and benefits as well as costs and expenses of the operation of the Vessel will therefore be accounted for in the books and records of the Target since that date. Assuming that the Acquisition will be completed, the Group will acquire the entire issued share capital of the Target thereby accounting for the financials of the Target. To the extent that any funding will be required by the Target between 19 December 2018 and completion of the Acquisition, the Vendor will be providing such funding to the Target by way of shareholder's loan which will form part of the Sale Loan.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor will not derive any gain from the sale of the Sale Shares and the Sale Loan to the Purchaser.

It is intended that the consideration under the Agreement will be funded by internal resources and borrowings from bank and/or other financial institution.

As the consideration for purchase of the Vessel under the MOA was determined with reference to prevailing market price of vessels with similar age and capacity and the consideration under the Agreement is effectively the same as what the Target is required to pay under the MOA, the Directors (including the Independent Non-executive Directors) consider that the consideration under the Agreement is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

There is neither any guarantee of profits or net tangible assets or other matters regarding the financial performance of the Target provided by the Vendor, nor any option granted to the Group to sell back the Sale Shares to the Vendor and/or other rights given to the Group.

### **Condition precedent**

Completion is conditional upon the passing of the resolution(s) by the Independent Shareholders at the SGM to be convened to approve the Agreement and the transactions contemplated thereunder.

### **Completion**

Completion shall take place on the Completion Date. Upon Completion, the Purchaser will own the entire issued share capital of the Target which will become a wholly owned subsidiary of the Company.

---

## LETTER FROM THE BOARD

---

### **Deposit**

Subject to the provisions of the Agreement, if the condition precedent of the Agreement shall not have been fulfilled by the Long Stop Date, the Agreement shall terminate and the Vendor shall refund to the Purchaser the Deposit paid (without interest).

### **3. THE MOA**

The principal terms of the MOA are as follows:

#### **Date**

16 November 2018

#### **Parties**

Vendor: Bergen Yangzhou Supramax Carriers AS

Purchaser: Polyworld Marine Corp.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Principal Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

#### **Asset to be acquired**

Pursuant to the MOA, the Target has agreed to buy and the Principal Vendor has agreed to sell the Vessel.

#### **Consideration**

The aggregate consideration payable for the Vessel under the MOA is US\$10,880,000 which was paid by the Target to the Principal Vendor in the following manner:

- (a) US\$1,088,000, being 10% of the total consideration, had been lodged by the Target as a deposit to an escrow account within 3 Banking Days after the date that (i) the MOA was signed by the parties and exchanged in original or by e-mail or telefax; and (ii) the escrow agreement was entered into by all parties to it and the deposit holder confirmed in writing to the parties that the account had been opened, and had been released to the Principal Vendor's account on delivery of the Vessel; and
- (b) US\$9,792,000, being the remaining 90% of the total consideration, which was prepositioned 1 business day prior to the delivery of the Vessel, had been remitted in full to the Principal Vendor's bank directly after receiving the refund guarantee letter issued by the Principal Vendor's bank upon the delivery of the Vessel, being not later

---

## LETTER FROM THE BOARD

---

than 3 Banking Days after the date that the Vessel was at the place of delivery and physically ready for delivery, and the notice of readiness was given by the Principal Vendor.

The consideration under the MOA was determined after arm's length negotiation between the Principal Vendor and the Target on normal commercial terms with reference to prevailing market price of vessels with similar age and capacity.

According to the valuation report of the Vessel prepared by JP Assets Consultancy Limited, the market value of the Vessel was US\$12,360,000 as at 16 November 2018. Please refer to Appendix IV of this circular for more details on the valuation report of the Vessel. Considering that there is no material change in the assumptions and market condition referred to in the valuation report of the Vessel, the Company considers that there is no material change in the value of the Vessel since 16 November 2018 up to the Latest Practicable Date.

### **Completion of the MOA and delivery of the Vessel**

With mutual consent between the Principal Vendor and the Target, the acquisition of the Vessel under the MOA was completed ahead of schedule and the Vessel had been delivered charter free and free from registered encumbrances and mortgages to the Target on 19 December 2018, and had been taken over safely afloat at a safe anchorage in Hong Kong, inside port limits.

#### **4. INFORMATION ON THE COMPANY, THE GROUP AND THE VENDOR**

The principal activity of the Company is investment holding.

The principal activities of the Group are provision of marine transportation services, property holding and investment, merchandise trading and investment holding.

The Vendor is Mr. Suen, a substantial shareholder of the Company holding, through Success United Development Limited whose entire issued share capital is ultimately owned by him, approximately 15.9% of the total issued Shares.

#### **5. INFORMATION ON THE PRINCIPAL VENDOR**

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Principal Vendor is a ship owning company and has been put under liquidation.

#### **6. INFORMATION ON THE TARGET AND THE VESSEL**

The Target is a limited liability company incorporated in the Republic of Panama, the entire issued share capital of which is owned by the Vendor. The Target was incorporated on 14 November 2018 and an accountants' report has been prepared for the 17 day-period from 14 November 2018 (date of incorporation) to 30 November 2018 as set out in Appendix II. As such, no net profit or loss before and after taxation of the Target for the two financial years immediately preceding the Acquisition is presented in this circular. The set up costs of the Target paid by the Vendor amounted to US\$1,075.

---

## **LETTER FROM THE BOARD**

---

The Vessel is a second hand Supramax dry bulk carrier with carrying capacity of approximately 57,000 dwt. formerly named “MV Grand Pioneer” (now named “MV Polyworld”), it was built in the People’s Republic of China in 2011 and its flag state was Marshall Islands (now is Panama). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vessel was held by its ship owner for chartering prior to the Acquisition and was off-hire since late September 2018. A new charter agreement dated 17 December 2018 was entered into between the Target and an independent third party in respect of time chartering of the Vessel at a charter fee of USD10,325 per day for a minimum period of 10 months and the Vessel was delivered to the charterer on 4 January 2019.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vessel formed part of the assets of Principal Vendor which is under liquidation and the Vessel was off-hire since late September 2018. As such, the Vessel has not been generating revenue since it was off-hire until after the new charter agreement was entered into on 17 December 2018. The Company therefore cannot identify the historical net income stream of the Vessel.

### **7. REASONS FOR AND BENEFITS OF THE ACQUISITION**

Upon Completion, the Vessel will be owned by the Group. The Group intends to increase the carrying capacity of its dry bulk fleet through acquisition of the Vessel. The Acquisition is in line with the corporate development strategy of the Group to expand the scale of its marine transportation services business.

As the Principal Vendor was unwilling to accept the Independent Shareholders’ approval as a condition precedent of the MOA, the Vendor agreed to facilitate the acquisition of the Vessel by the Purchaser by procuring the Target to enter into the MOA, with the intention of transferring the Vessel to the Group through the sale of the Target to the Group. The acquisition of the Vessel by the Target was completed on 19 December 2018.

The Directors (including the Independent Non-executive Directors) consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

### **8. FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP**

As referred to in “Appendix III — Unaudited Pro Forma Financial Information of the Enlarged Group” to this circular, on the basis of the notes set out therein for the purposes of illustrating the effects of the Acquisition, the total assets of the Enlarged Group would remain unchanged at approximately US\$53,002,000 and the total liabilities of the Enlarged Group would remain unchanged at approximately US\$18,102,000, assuming that the Acquisition had completed on 30 June 2018.

### **9. LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules.

---

## LETTER FROM THE BOARD

---

As at the Latest Practicable Date, the Vendor is a substantial shareholder of the Company holding approximately 15.9% of the total issued Shares through Success United Development Limited whose entire issued share capital is ultimately owned by him, and thus a connected person of the Company. The Acquisition therefore constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Acquisition and is required to abstain from voting.

### **10. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

The Company has established the Independent Board Committee comprising Mr. Zhou Qijin, Mr. To Yan Ming, Edmond and Mr. Pau Shiu Ming (all of whom are Independent Non-executive Directors) to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole, and advise the Independent Shareholders on how to vote. The Company has appointed Veda Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### **11. THE SGM**

The SGM Notice is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed.

For shareholders in Hong Kong, in order to be eligible to attend and vote at the SGM, all unregistered holders of the Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 February 2019.

### **12. VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the SGM will be taken by way of poll except where the chairman of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the SGM will put the resolution set out in the SGM Notice to be voted by way of poll pursuant to the Bye-laws. An announcement on the poll results will be published by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the Latest Practicable Date, Mr. Suen was deemed to be interested in 87,270,066 Shares, representing approximately 15.9% of the total issued Shares, through Success United Development Limited whose entire issued share capital is ultimately owned by him. As such, Mr. Suen and his close associates are

---

## LETTER FROM THE BOARD

---

required to abstain from voting on the resolution approving the Acquisition. Please refer to the paragraph headed “Interests and Short Positions of Shareholders Discloseable under the SFO” in Appendix V of this circular for more details of Mr. Suen’s interest in the Shares.

It is noted that save for the aforesaid and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries as at the Latest Practicable Date, no other Shareholder is involved or interested in the Acquisition which requires him to abstain from voting on the proposed resolution(s) to approve the Acquisition at the SGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder’s beneficial shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the SGM.

### 13. ACTIONS TO BE TAKEN BY SHAREHOLDERS

#### **Hong Kong**

Shareholders (whether or not able to attend the SGM) are requested to complete and return the enclosed Hong Kong proxy form (the “Hong Kong Proxy Form”) in accordance with the instructions printed thereon and deposit with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for holding of the SGM or any adjourned meeting thereof (as the case may be). Completion and return of the Hong Kong Proxy Form will not preclude Shareholders from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) should they so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked. Please note that this paragraph is only applicable to Shareholders whose Shares are registered in the branch register of shareholders in Hong Kong.

#### **Singapore**

If a Shareholder is unable to attend the SGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Shareholder proxy form (the “Singapore Proxy Form”) in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company’s Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time appointed for holding of the SGM or any adjourned meeting thereof (as the case may be). The completion and return of the Singapore Proxy Form by a Shareholder will not preclude him from attending and voting in person at the SGM or any

---

## LETTER FROM THE BOARD

---

adjourned meeting (as the case may be) if he so wishes and in such event, the instrument appointing the proxy shall be deemed to be revoked. Please note that this paragraph is only applicable to Shareholders who do not hold Shares through an account with CDP (i.e. who hold Shares in scrip).

Under the Bermuda Companies Act, only a person who agrees to become a shareholder of a Bermuda company and whose name is entered in the register of members of such a Bermuda company is considered a member with rights to attend and vote at general meetings of such company. Accordingly, under Bermuda laws, a Depositor holding Shares through the CDP would not be recognised as a Shareholder, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the SGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Bye-laws and the Bermuda Companies Act.

Pursuant to Bye-law 77(1)(b) of the Bye-laws, unless the CDP specifies otherwise in a written notice to the Company, the CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of the CDP as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the CDP to the Company as the CDP's proxies to vote on behalf of the CDP at a general meeting of the Company. Notwithstanding any other provisions in the Bye-laws, the appointment of proxies by virtue of Bye-law 77(1)(b) shall not require an instrument of proxy or the lodgement of any instrument of proxy.

Accordingly, Depositors (other than Depositors which are corporations) whose names are listed in the Depository Register as at a time not earlier than forty-eight (48) hours before the time of the SGM may attend and vote as CDP's proxies at the SGM without having to complete or return any form of proxy. A Depositor which is a corporation and wishes to attend and vote at the SGM must complete and return the attached Depositor proxy form (the "Depositor Proxy Form"), for the nomination of person(s) to attend and vote at the SGM on its behalf as CDP's proxy, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time appointed for holding of the SGM or any adjourned meeting thereof (as the case may be).

If an individual Depositor is unable to attend the SGM personally and wishes to appoint nominee(s) to attend the meeting and vote on his behalf, he must complete, sign and return the Depositor Proxy Form attached to this circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time appointed for holding of the SGM or any adjourned meeting thereof (as the case may be).

The completion and return of the Depositor Proxy Form by a Depositor (who is an individual) will not preclude him from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) as a proxy of CDP if he so wishes and in such event, the instrument appointing the proxy shall be deemed to be revoked.



---

## LETTER FROM THE BOARD

---

### 14. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 15. DIRECTORS' RECOMMENDATIONS

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages 16 to 17 of this circular and the letter from the Independent Financial Adviser set out on pages 18 to 30 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Independent Financial Adviser, is of the opinion that the entering into of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, the terms of the Agreement and the transactions contemplated thereunder are normal commercial terms and fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the entering into of the Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

The Directors (including the Independent Non-executive Directors) consider that the terms of the Agreement and the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the Independent Non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

Yours faithfully,  
For and on behalf of the Board  
**Courage Investment Group Limited**  
**Sue Ka Lok**  
*Chairman*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder prepared for the purpose of incorporation in this circular.*



### **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)**

29 January 2019

*To the Independent Shareholders*

Dear Sir or Madam,

#### **MAJOR AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF A COMPANY AND RELATED SHAREHOLDER'S LOAN FROM SUBSTANTIAL SHAREHOLDER**

We refer to the circular of the Company dated 29 January 2019 (the "Circular") of which this letter forms part. Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to whether, in our opinion, the entering into of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, the terms of the Agreement and the transactions contemplated thereunder are normal commercial terms and fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the entering into of the Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Agreement and the transactions contemplated thereunder, and whether the entering into of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

We wish to draw your attention to the letter from the Board set out on pages 5 to 15 of the Circular which contains, among others, information on the Agreement as well as the letter from the Independent Financial Adviser set out on pages 18 to 30 of the Circular which contains its advice in respect of the Agreement and the transactions contemplated thereunder.

Having taken into account the advice of the Independent Financial Adviser, we consider that, the entering into of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, the terms of the Agreement and the transactions contemplated thereunder are normal commercial terms and fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the entering into of the Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

Yours faithfully  
For and on behalf of the  
**Independent Board Committee**  
of  
**Courage Investment Group Limited**

**Mr. Zhou Qijin**  
*Independent*  
*Non-executive Director*

**Mr. To Yan Ming, Edmond**  
*Independent*  
*Non-executive Director*

**Mr. Pau Shiu Ming**  
*Independent*  
*Non-executive Director*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

Room 1106, 11/F.  
Wing On Centre  
111 Connaught Road Central  
Hong Kong  
29 January 2019

*To: Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### MAJOR AND CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the circular of the Company dated 29 January 2019 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise specifies.

On 16 November 2018 (after trading hours of the Stock Exchange), the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares constituting the entire issued share capital of the Target and the Sale Loan for a maximum consideration of US\$11,000,000.

On 16 November 2018 prior to signing of the Agreement, in order to facilitate the acquisition of the Vessel by the Purchaser, the Vendor, a substantial shareholder of the Company, procured the Target to enter into the MOA, pursuant to which the Principal Vendor agreed to sell and the Target agreed to purchase the Vessel, with the intention of transferring the Vessel to the Group through the sale of the Target to the Group. In light of the Christmas holidays period and with mutual consent between the Principal Vendor and the Target, the acquisition of the Vessel was completed on 19 December 2018 ahead of schedule, and in light of the ancillary expenditures relating to the Vessel incurred and to be incurred by the Target, on 16 January 2019, the Vendor and the Purchaser entered into the Supplemental Agreement which contains, inter alia, (i) the amendment to the maximum consideration payable under the Agreement to US\$11,500,000, (ii) the extension of the long stop date of the Agreement to 28 February 2019 in light of the additional time required to prepare and finalise the Circular, and (iii) an addition of a provision relating to the operation and the operating results of the Vessel.

As set out in the “Letter from the Board” of the Circular (the “Board Letter”), the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition are above 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. In addition, as at the Latest Practicable Date, the Vendor is a substantial shareholder of

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

the Company holding approximately 15.9% of the total issued shares of the Company and thus a connected person of the Company. The Acquisition therefore constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Independent Board Committee has been established to give recommendation to the Independent Shareholders on the Agreement and transactions contemplated thereunder, and we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. Our appointment has been approved by the Independent Board Committee. The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Agreement and the transaction contemplated thereunder.

The Board currently consists of three Executive Directors, namely Mr. Zhang Liang (Chief Executive Officer), Ms. Wang Yu and Ms. Wan Jia, one Non-executive Director, namely Mr. Sue Ka Lok (Chairman) and three Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. To Yan Ming, Edmond and Mr. Pau Shiu Ming.

The Independent Board Committee comprising all the Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. To Yan Ming, Edmond and Mr. Pau Shiu Ming, has been established to give recommendation to the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we did not have any relationship with, or interest in, or other services provided to, the Company or any other parties that could reasonably be regarded as relevant to our independence in the past two years. Given our independent role and normal professional fees received from the Company under this engagement, we consider it would not affect our independence to form our opinion in this letter.

Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser in relation to the Transaction, no arrangements existed whereby we had received or would receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### **BASIS AND ASSUMPTIONS OF OUR OPINION**

In formulating our advice and recommendations to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company and the Directors. We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Company and the Directors, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Directors, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not, carried out any independent verification of the information provided by the Directors, nor have conducted any independent investigation into the business, financial conditions and affairs of the Company or its future prospects. The Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the Listing Rules, for the accuracy of the information contained in the Circular and have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other matters of facts the omission of which would make any statement herein or the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Agreement and the transactions contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In giving our recommendations to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

#### **Background information**

##### *Information of the Group*

As set out in the Board Letter, the Company is an investment holding company. The Group is principally engaged in (i) provision of marine transportation services, (ii) merchandise trading, (iii) property holding and investment, and (iv) investment holding, according to the interim report of the Company for the six months ended 30 June 2018 (the “IR 2018”).

##### *Historical financial performance of the Group*

We have set out the key financial information of the Group for the two financial years ended 31 December 2016 and 2017 and the six months period ended 30 June 2018, respectively, as extracted from the annual report of the Company for the year ended 31 December 2017 (the “AR 2017”) and the IR 2018.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*Consolidated statement of profit or loss*

|   | <b>For the six<br/>months ended<br/>30 June<br/>2018<br/>US\$'000</b> | <b>For the year ended<br/>31 December<br/>2017<br/>US\$'000</b> | <b>2016<br/>US\$'000</b> |
|---|---|---|--------------------------|
| Revenue   | 4,341   | 9,897   | 4,546                    |
| (Loss)/profit for the period/year<br>attributable to owners of the<br>Company | (1,909)   | 9,885   | (17,381)                 |

*Consolidated statement of financial position*

|                   | <b>As at 30 June<br/>2018<br/>US\$'000</b> | <b>As at 31 December<br/>2017<br/>US\$'000</b> | <b>2016<br/>US\$'000</b> |
|-------------------|--|--|--------------------------|
| Total assets      | 53,002                                     | 56,713   | 37,265                   |
| Total liabilities | 18,102                                     | 18,956   | 21,962                   |
| Net assets        | 34,900                                     | 37,757   | 15,303                   |

As illustrated above, the Group's revenue increased from US\$4,546,000 for the year ended 31 December 2016 to US\$9,897,000 for the year ended 31 December 2017, representing an increase of approximately 117.71%. We noted that such increase in revenue was mainly attributable to the increase in revenue of the merchandise trading business of US\$4,921,000, and of the property holding and investment business of US\$1,895,000.

The Group's profit attributable to owners of the Company for the year ended 31 December 2017 amounted to US\$9,885,000. This represented a significant improvement as compared to the loss attributable to owners of the Company of US\$17,381,000 recorded for the year ended 31 December 2016. As disclosed in the AR 2017, the turnaround of the Group's results for the year 2017 was contributed by (i) the reversal of impairment loss on the Group's vessels of US\$5,352,000 recognised in the financial year ended 31 December 2017 in contrast with the impairment loss of US\$10,763,000 recognised in the financial year ended 31 December 2016; (ii) the increase in fair value of the Group's investment property of US\$1,768,000; and (iii) the profitable results of the Group's property holding and investment, investment holding and marine transportation services businesses.

As disclosed in the IR 2018, for the six months ended 30 June 2018, the Group's marine transportation business generated a revenue of US\$1,184,000, which showed an increase of approximately 40.12% from the same corresponding period in 2017 (i.e. 30 June 2017: US\$845,000), and recorded an operating profit of US\$201,000 in contrast to the operating loss of US\$197,000 for the six months ended 30 June 2017. The increase in revenue that coupled with the turnaround of the results was mainly due to the

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

increase in charter rates of the operation's self-owned vessel during the six months ended 30 June 2018, resulting mainly from the improved market conditions of vessel chartering business, as well as the commencement of the charter-in and charter-out vessel business.

### *Information of the Principal Vendor*

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Principal Vendor is a ship owning company and has been put under liquidation.

### *Information of the Target and the Vessel*

The Target is a limited liability company incorporated in the Republic of Panama, the entire issued share capital of which is owned by the Vendor. The Target was incorporated on 14 November 2018 and an accountants' report has been prepared for the 17 day-period from 14 November 2018 (date of incorporation) to 30 November 2018 as set out in Appendix II. As such, no net profit or loss before and after taxation of the Target for the two financial years immediately preceding the Acquisition is presented in the Circular. The set-up costs of the Target paid by the Vendor amounted to US\$1,075.

The Vessel is a second hand Supramax dry bulk carrier with carrying capacity of approximately 57,000 dwt. formerly named "MV Grand Pioneer" (now named "MV Polyworld"), it was built in the People's Republic of China in 2011 and its flag state was Marshall Islands (now is Panama). To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Vessel was held by its ship owner for chartering prior to the Acquisition and was off-hire since late September 2018. A new charter agreement dated 17 December 2018 was entered into between the Target and an independent third party in respect of time chartering of the Vessel at a charter fee of USD10,325 per day for a minimum period of 10 months and the Vessel was delivered to the charterer on 4 January 2019.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vessel formed part of the assets of Principal Vendor which is under liquidation and the Vessel was off-hire since late September 2018. As such, the Vessel has not been generating revenue since it was off-hire until after the new charter agreement was entered into on 17 December 2018. The Company therefore cannot identify the historical net income stream of the Vessel.

### **Reasons for the Acquisition**

Upon Completion, the Vessel will be owned by the Group. The Group intends to increase the carrying capacity of its dry bulk fleet through acquisition of the Vessel. The Acquisition is in line with the corporate development strategy of the Group to expand the scale of its marine transportation services business.

As the Principal Vendor was unwilling to accept the Independent Shareholders' approval as a condition precedent of the MOA, the Vendor agreed to facilitate the acquisition of the Vessel by the Purchaser by procuring the Target to enter into the MOA, with the intention of transferring the Vessel to the Group through the sale of the Target to the Group. The acquisition of the Vessel by the Target was completed on 19 December 2018.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The Directors (including the Independent Non-executive Directors) consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

### *Marine transportation market prospective and potential growth of business*

According to the Review of Maritime Transport 2018 (“RMT 2018”) published by the United Nations Conference on Trade and Development, the global seaborne trade is flourishing, supported by the year 2017 upswing in the world economy. The expanding rate is at approximately 4%, the fastest growth in five years, global maritime trade gathered momentum and raised sentiment in the shipping industry. The total volumes have reached 10.7 billion tons, reflecting an additional 411 million tons, nearly half of which were made of dry bulk commodities. The global marine transportation industry is expected to reach a value of approximately US\$210 billion by 2021, helped by return of global demand as oil prices increase.

Moreover, China’s ‘One Belt One Road’ (“OBOR”) policy is set to redefine trade patterns between Asia and Europe, with seismic repercussions for the maritime industry that will unlock commercial opportunities. The various projects under OBOR have the potential to generate growth and boost seaborne trade volumes through increased demand for raw materials and semi-finished and finished products according to RMT 2018.

Furthermore, the Maritime Silk Road will have a particularly significant impact on the maritime transportation industry, driven by substantial Chinese investment in maritime infrastructure. Infrastructure developments of the size of the initiative require large amounts of construction materials in the form of dry bulk commodities, steel products, cement, heavy machinery and equipment. Improvements in connectivity through enhanced transport infrastructure, linking manufacturing industry or agriculture to global markets, could strengthen many countries’ economic growth and boost trade. These developments have favourable implications for container shipping and bulk commodities trade. This policy will expand and diversify China’s trade routes, by increase market access to Europe. The China–Europe maritime corridor is also important for China’s trade with US, with container shipping between China and the US East Coast increasingly making use of the Suez Canal.

Having considered that (i) the Group’s marine transportation business achieved an expectation growth; (ii) the Vendor is only there to secure the Vessel for the Company without the intention to make a gain; and (iii) the high potential growth in the maritime transport based on the current development, we are of the view that the Acquisition is fair and reasonable.

### **Principal terms of the Agreement (as amended and/or supplemented by the Supplemental Agreement)**

#### *Date*

16 November 2018 (after trading hours of the Stock Exchange)

#### *Parties*

Purchaser : Peak Prospect Global Limited

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Vendor : Mr. Suen Cho Hung, Paul, a substantial shareholder of the Company, through his wholly owned subsidiary, Success United Development Limited, holding approximately 15.9% of the total issued shares of the Company. Therefore, he is a connected person of the Company under the Listing Rules

### *Assets to be acquired*

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares free from all encumbrances and the Sale Loan. As referred to in section headed “3. THE MOA” in the Board Letter, on 16 November 2018 prior to signing of the Agreement, the Target as purchaser entered into the MOA with the Principal Vendor as vendor in relation to the acquisition of the Vessel.

### *Consideration*

The consideration shall comprise (i) US\$10,000, which represents the consideration payable by the Purchaser for the Sale Shares; and (ii) the maximum sum of US\$11,490,000, payable by the Purchaser for the Sale Loan on a dollar for dollar basis as at the Completion Date. The maximum aggregate consideration is thus US\$11,500,000 which has been/shall be paid by the Purchaser in the following manner:

- (a) the Deposit in the sum of US\$1,088,000 has been paid within 5 Business Days upon signing of the Agreement; and
- (b) the balance of the consideration is payable on Completion.

As set out in the Board Letter, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Target has not entered into any business transaction prior to entering into the MOA. Accordingly, the aggregate consideration for the Sale Shares and the Sale Loan effectively represents the aggregate consideration of US\$10,880,000 which was paid by the Target to the Principal Vendor under the MOA as referred to in the section headed “3. THE MOA” in the Board Letter together with Other Ancillary Expenditures as at the Completion Date.

The difference of US\$620,000 between the aggregate consideration payable for the Vessel under the MOA, i.e. US\$10,880,000 and the maximum aggregate consideration payable under the Agreement, i.e. US\$11,500,000 provides a buffer for the Other Ancillary Expenditures, which include escrow fee and legal costs associated with the incorporation of the Target and the preparation, negotiations and entering into of the MOA and the Agreement amounting to US\$17,000 as at 30 November 2018 as disclosed as “Prepayments” on page II-5 of the Circular, and are expected to include the fuels, lubricants and running costs of the Vessel before Completion up to the extent of approximately US\$603,000, the exact amount of which will only be ascertainable at Completion.

The consideration for the Sale Shares was determined after arm’s length negotiations between the Vendor and the Purchaser based on their par value. The consideration for the Sale Loan was determined after arm’s length negotiations between the Vendor and the Purchaser and would represent, together with the consideration for the Sale Shares, the actual consideration under the MOA and Other Ancillary Expenditures.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

In consideration of the Vendor facilitating the acquisition of the Vessel (through the acquisition of the Target) by the Purchaser, the Purchaser has agreed to reimburse all costs, fees and expenses incurred by the Vendor upon production of evidence satisfactory to the Purchaser, in connection with the preparation, negotiations and entering into of the MOA and the Agreement subject to a maximum amount of US\$50,000 as stated in the Agreement.

The difference of US\$620,000 between the aggregate consideration payable for the Vessel under the MOA and the maximum aggregate consideration payable under the Agreement abovementioned does not include such reimbursement to the Vendor. Such reimbursement, if any, would be made to the Vendor in case any expense is personally incurred by the Vendor for the transactions under the MOA which has not been booked into the accounts of the Target.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vessel was off-hire since late September 2018. A new charter agreement dated 17 December 2018 was entered into between the Target and an independent third party in respect of time chartering of the Vessel at a charter fee of USD10,325 per day for a minimum period of 10 months and the Vessel was delivered to the charterer on 4 January 2019. As the completion date of the MOA was on 19 December 2018, all charter fee income and benefits as well as costs and expenses of the operation of the Vessel will therefore be accounted for in the books and records of the Target since that date. Assuming that the Acquisition will be completed, the Group will acquire the entire issued share capital of the Target thereby accounting for the financials of the Target. To the extent that any funding will be required by the Target between 19 December 2018 and completion of the Acquisition, the Vendor will be providing such funding to the Target by way of shareholder's loan which will form part of the Sale Loan.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor will not derive any gain from the sale of the Sale Shares and the Sale Loan to the Purchaser.

As advised by the Company, it is intended that the consideration under the Agreement will be funded by internal resources and borrowings from bank and/or other financial institution.

As the consideration for purchase of the Vessel under the MOA was determined with reference to prevailing market price of vessels with similar age and capacity and the consideration under the Agreement is effectively the same as what the Target is required to pay under the MOA, the Directors (including the Independent Non-executive Directors) consider that the consideration under the Agreement is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

There is neither any guarantee of profits or net tangible assets or other matters regarding the financial performance of the Target provided by the Vendor, nor any option granted to the Group to sell back the Sale Shares to the Vendor and/or other rights given to the Group.

We have noted that under the Supplemental Agreement, the Company will provide operator service to the Target. We are given to understand that, the operator service to be provided to the Target is for the purpose of facilitating the operation and chartering activities of the Vessel. Under the Supplemental Agreement, the Vendor and the Purchaser acknowledged and agreed that subject to fulfilment of the condition precedent to the Completion, the nomination of the Purchaser as the operator of the Vessel as from

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

19 December 2018 (i.e. the completion date of the MOA) be confirmed and ratified, and with the effect that the Purchaser is the sole party accountable for the costs and expenses of, and is entitled to the income and benefits generated from, the operation of the Vessel, as recorded under the books of the Target. Furthermore, the Vendor is only acting as a facilitator to the Acquisition who does not intend to make a gain. Hence, we are of the view that the operator service to be provided to the Target is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

### **Evaluation of the Consideration**

In assessing the fairness and reasonableness of the Consideration, we have primarily considered the Vessel valuation, details of which are set out in Appendix IV to the Circular (the "Valuation Report") prepared by an independent valuer (the "Valuer").

#### *Vessel Valuation*

The Company has appointed the Valuer to prepare the Valuation Report for the fair value of the Vessel as at 16 November 2018. Pursuant to the Valuation Report issued by the Valuer, the appraised value of the Vessel was US\$12,360,000 as at 16 November 2018. Details of the valuation have been set out in Appendix IV to the Circular.

For our due diligence purpose, we have reviewed the Valuation Report and the underlying valuation workings and discussed with the Valuer, including, among other things:

- (i) the terms of engagement of the Valuer with the Company in connection with the Acquisition and its independency. We consider that the scope of valuation work per the engagement letter entered into between the Company and the Valuer are appropriate for the purpose of the Acquisition. Save for such engagement, the Valuer has confirmed that it is independent from the Company, Vendor, Principal Vendor, Target, Purchaser and any of their respective associates;
- (ii) the qualification and experience of the Valuer in relation to the valuation of the Vessel. We are given to understand that the Valuer is certified with the relevant professional qualifications required to perform the valuation in connection with the Acquisition, and the professional who is responsible to the valuation of the Vessel, namely Sunny Lee, has over 20 years of valuation experience and has expertise covers the valuation with similar nature to the Vessel. According to the track record of the Valuer, we note that he is experienced in undertaking vessel valuation. Mr. Sunny Lee provided all the relevant materials including the current status of the Vessel as well as the details of the comparable vessels; and
- (iii) the valuation methodology, procedures and assumptions adopted by the Valuer in preparing the Valuation Report. The Valuer advised that it had performed necessary due diligence for the preparation of the Valuation Report which includes inspections, made relevant enquiries and searches and obtained such further information as considered necessary, and conducted its own proprietary research for similar vessel to the Vessel. Further details are set forth in the Valuation Report contained in Appendix IV to the Circular.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

In arriving at the appraised value of the Vessel, we are given to understand that the Valuer made no allowance in their valuation for costs, if any, associated with the disposal or handling of materials required to comply with current or changing environment legislations.

As further advised by the Valuer, they had collected and analysed the recent actual transactions of the comparable vessel conducted within the 3 months period prior to 16 November 2018 based on (i) type of the vessels – the Vessel and the comparable vessels are all Supramax type; (ii) usage of the vessels – the Vessel and the comparable vessels are all used as bulk carrier; (iii) the vessels' capacity – the deadweight tonnage of the Vessel is 56,641 and the deadweight tonnage of the comparable vessels ranged from 55,477 to 58,110; (iv) the age of the vessels – the age of the Vessel is 7 years and the age of the comparable vessels ranged from 6 to 12 years; and (v) the country in which the vessel was built – the Vessel was built in China and the comparable vessels were built in China, Vietnam, the Philippines or Japan.

We note that the valuation of the Vessel was primarily based on the market approach and using the depreciated replacement cost approach to cross check with available new ship-built cost. We have discussed with the Valuer in regards to the methodologies, bases and assumptions adopted during the course of conducting the market approach. As discussed with the Valuer, given the high availability of sales transaction information of the vessel trading market, it considers the market approach to be the most appropriate valuation approach over the income approach and the depreciated replacement cost approach as (i) the income approach requires subjective assumptions to which the valuation is highly sensitive and detailed operational information and long-term financial projections are also needed to arrive at an indication of value but such information are not available for the vessel; and (ii) the depreciated replacement cost approach is used where there is no active market for the asset being valued, that is, where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset, and it is impractical to produce a reliable valuation in relation to the Vessel, hence the Valuer only utilised such approach to cross check with available new ship-built cost. The Valuer also highlighted other benefits of the market approach, including its simplicity, clarity, speed and the need for few or no assumptions. The market approach involves objectivity in application as publicly available inputs are used under this approach. We agree to the Valuer's adoption of the market approach as the primary valuation methodology.

We have reviewed the information and interviewed the Valuer, in relation to the calculation of the Vessel's value using the market approach, and noticed that the selling price of the comparable vessels are adjusted in order to arrive at the appropriate market value for the Vessel. This is done by making adjustments to the selling price of the comparable vessels for various factor including the remaining useable years, deadweight tonnage and the origins of the comparable vessels, etc. For example, (i) the Valuer made a downward adjustment to the selling price of the comparable vessel which was built in Japan and upward adjustment to the selling price of the comparable vessels which were built in Vietnam and the Philippines; (ii) upward adjustment to the selling price of the comparable vessel which has smaller deadweight tonnage; and (iii) downward adjustment to the selling price of the comparable vessels which have longer remaining useable life as compared to the Vessel. 12 comparable vessels (collectively, the "Comparable Vessels") were identified by the Valuer but only 9 Comparable Vessels were adopted for the valuation, as the deviation of their estimated fair values from the mean fair value are between -6% to +7%. We are given to understand from the Valuer that, as at the date of the Valuation (i.e. 16 November 2018), the Comparable Vessels for the Vessel are exhaustive based on the Valuer's selection criteria.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We also noted that the Comparable Vessels are extracted from two websites from the vessel brokers (<http://www.atheniansa.gr> & <https://www.hellenicshippingnews.com>), as advised by the Valuer, the two websites from the vessel brokers are relatively reliable and one of the websites issues weekly market reports. Furthermore, as advised by the Valuer both of the websites are frequently used by the industry.

For due diligence purpose, we have visited the abovementioned websites and we have conducted independent search on all the Comparable Vessels selected by the Valuer. The information of the Comparable Vessels displayed on the website is consistent with the findings of the Valuer. Furthermore, we have noticed the 3 Comparable Vessels that exhibit an extraordinary premium as compared to other Comparable Vessels (“Outliers”). As suggested by the Valuer, the Outliers are excluded in the valuation due to the exceptional premium (i.e. over 16% as compared to the average). After reviewing of the adjustments made by the Valuer and a discussion with the Valuer, we considered that the exclusion of the Outliers and the adjustments made are fair and reasonable.

Furthermore, we attempted to adopt additional valuation methodologies to assess the reasonableness and fairness of the valuation performed by the Valuer. We attempted to conduct a market approach to assess the reasonableness and fairness of the valuation of the Vessel. Given the fact that vessel valuation requires extensive industry knowledge and expertise, hence we were unable to conduct such valuation which would provide a meaningful result and allow us to assess the reasonableness and fairness of the valuation of the Vessel. However, since the Valuer has already used market approach as well as the depreciated replacement cost approach to cross-check the valuation, and take into account for the due diligence work that we have done in relation to the valuation of the Vessel, we are of the view that valuation methodologies are fair and reasonable.

Given that (i) the Comparable Vessels are with similar characteristics of the Vessel; (ii) the information of the Comparable Vessels obtained by the Valuer is reliable which represents the market price of the Comparable Vessels; and (iii) the qualification and experience of the Valuer as mentioned above, we are of the view that the selection of the Comparable Vessels, the adjustments made to the Comparable Vessels, the valuation methodology and assumptions adopted by the Valuer are normal and reasonable.

Having considered (i) our analysis on the methodology, basis and assumptions of the valuation of the Vessel as mentioned above; (ii) the Valuer is independent from the Company, Vendor, Principal Vendor, Target, Purchaser and any of their respective associates; and (iii) the Valuer has sufficient qualification and experience for preparation of the Valuation Report, we are of the view that the principal basis and assumptions adopted for the valuation of the Vessel are fair and reasonable.

### ***Comparison between the total Consideration to be paid under the Acquisition and the Vessel's value***

To further assess the fairness and reasonableness of the Consideration, we have considered to compare the total maximum Consideration under the Acquisition (including (i) the payment for the Vessel; (ii) Other Ancillary Expenditures; and (iii) the reimbursement to the Vendor, as at the Latest Practicable Date, such reimbursement has not been settled. The reimbursement, if any, would be made to the Vendor in case of any expense is personally incurred by the Vendor for the transactions under the MOA which has not been booked into the accounts of the Target) (the “Total Maximum Consideration”) with the Vessel’s value. Based on the information provided by the management of the Company and as set out in the Circular, set out below is the relevant calculations of the Total Maximum Consideration:

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

US\$

*The Total Maximum Consideration*

|  |            |
|--|------------|
| Payment for the Vessel                     | 10,880,000 |
| Add: Other Ancillary Expenditures (Note 1) | 620,000    |
| Add: Reimbursement to Vendor (Note 2)      | 50,000     |

**Total Maximum Consideration** 11,550,000

**Value of the Vessel (Note 3)** 12,360,000

**Discount to value of the Vessel** 810,000  
(Percentage is calculated based on the difference between the value of the Vessel and the Total Maximum Consideration divided by the value of the Vessel) (representing approximately 6.55% discount)

*Notes:*

1. as stated in the Circular, as at 30 November 2018, an amount of US\$17,000 has incurred which includes escrow fee and legal costs associated with the incorporation of the Target and the preparation, negotiations and entering into of the MOA and the Agreement. In addition, up to the extent of approximately US\$603,000 are expected to include the fuels, lubricants and running costs of the Vessel before Completion, the exact amount of which will only be ascertainable at Completion.
2. the Purchaser has agreed to reimburse all costs, fees and expenses incurred by the Vendor upon production of evidence satisfactory to the Purchaser, in connection with the preparation, negotiations and entering into of the MOA and the Agreement subject to a maximum amount of US\$50,000 as stated in the Agreement;
3. as set out in the Valuation Report in Appendix IV to the Circular.

As shown in the above calculations, the Total Maximum Consideration represents a discount of approximately 6.55% to the value of the Vessel. Furthermore, as disclosed in the Circular and suggested by the management of the Company, the amount of the reimbursement to Vendor as well as the Other Ancillary Expenditures are capped and on a dollar to dollar basis.

Having taken into account of (i) the valuation of the Vessel as discussed in the section headed “Vessel Valuation”; (ii) the discount represented by the Total Maximum Consideration to the value of the Vessel; and (iii) the amount of the reimbursement to Vendor as well as the Other Ancillary Expenditures are capped and on a dollar to dollar basis, we are of the view that the Consideration is fair and reasonable.

### FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Company will be interested in the entire issued share capital of the Target and the Target will become a wholly owned subsidiary of the Company. As referred to in “Appendix III — Unaudited Pro Forma Financial Information of the Enlarged Group” to the Circular, on the basis of the notes

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

set out therein for the purposes of illustrating the effects of the Acquisition, the total assets of the Enlarged Group would remain unchanged at approximately US\$53,002,000 and the total liabilities of the Enlarged Group would remain unchanged at approximately US\$18,102,000, assuming that the Acquisition had completed on 30 June 2018.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Agreement and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend Independent Shareholders to vote in favour of the relevant resolution for approving the Acquisition and the transaction contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Julisa Fong**  
*Managing Director*

*Ms. Julisa Fong is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 22 years of experience in investment banking and corporate finance.*



**1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group for the past three years ended 31 December 2015, 2016 and 2017 together with the six months ended 30 June 2018 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange at (<http://www.hkexnews.hk>) and the Company at ([www.courageinv.com](http://www.courageinv.com)):

- (a) the audited financial statements included in the annual report of the Company for the year ended 31 December 2015:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0329/LTN20160329019.pdf>

- (b) the audited financial statements included in the annual report of the Company for the year ended 31 December 2016:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0426/LTN20170426738.pdf>

- (c) the audited financial statements included in the annual report of the Company for the year ended 31 December 2017:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0427/LTN201804272366.pdf>

- (d) the unaudited financial statements included in the interim report of the Company for the six months ended 30 June 2018:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0927/LTN20180927992.pdf>

**2. WORKING CAPITAL STATEMENT**

The Directors, after due and careful considerations, are of the opinion that, taking into account the expected completion of the Acquisition, the internal resources available and the existing available credit facilities to the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

**3. INDEBTEDNESS STATEMENT**

At the close of business on 31 December 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately US\$14,417,000 comprising secured and guaranteed bank loans. The outstanding bank loans were secured and guaranteed by the followings:

- (i) corporate guarantee from the Company on the outstanding loan balances;

- (ii) first preferred mortgage over the vessels held by Zorina Navigation Corp. and Heroic Marine Corp. (both are wholly owned subsidiaries of the Company) named “MV Zorina” and “MV Heroic” respectively; and
- (iii) assignment of insurance proceeds in respect of vessels MV Zorina and MV Heroic.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 December 2018 any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

#### **4. MATERIAL ADVERSE CHANGE**

Save as disclosed in this circular, up to and including the Latest Practicable Date, the Directors have not been aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up to.

#### **5. FINANCIAL AND TRADING PROSPECTS**

The outlook of vessel chartering business has become more positive commencing from the second half of 2017 as indicated by the rise of Baltic Dry Index from 822 points in July 2017 to over 1,600 points level in July 2018, the Group has therefore been able to negotiate with charterers for better charter rates which has led to improved financial performance of the marine transportation services business so far in 2018. Although the market conditions of vessel chartering business have become rather volatile in recent months owing to the trade war between the United States and China, the Group remains prudently optimistic of the prospect of this business in the medium to long-term in light of the continuing growth of the world economy and international trade flow.

Upon Completion, the Vessel will be owned by the Enlarged Group. The Enlarged Group can increase the carrying capacity of its dry bulk fleet through acquisition of the Vessel. The Acquisition is in line with the corporate development strategy of the Group to expand the scale of its marine transportation services business.

Looking forward, the management will keep up their efforts in managing the businesses of the Enlarged Group and will continue to seize investment/business opportunities with attractive returns aiming to create value to our shareholders. Particular emphasis will be placed on investment/business opportunities linking with the “One Belt, One Road” and “Greater Bay Area” initiatives strongly supported by the Chinese Government, which are beneficial to Hong Kong’s long-term economic prospects.

**(1) ACCOUNTANTS' REPORT ON THE TARGET**

*The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.*

# Deloitte.

## 德勤

德勤·關黃陳方會計師行  
香港金鐘道88號  
太古廣場一座35樓

Deloitte Touche Tohmatsu  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION  
OF POLYWORLD MARINE CORP. TO THE DIRECTORS OF COURAGE INVESTMENT  
GROUP LIMITED****Introduction**

We report on the historical financial information of Polyworld Marine Corp. (the "Target Company") set out on pages II-3 to II-11, which comprises the statement of financial position as at 30 November 2018, the statement of profit or loss and other comprehensive income and the statement of changes in equity for the period from 14 November 2018 (date of incorporation) to 30 November 2018 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-3 to II-11 forms an integral part of this report, which has been prepared for inclusion in the circular of Courage Investment Group Limited (the "Company") dated 29 January 2019 (the "Circular") in connection with the proposed acquisition of the Target Company.

**Directors' responsibility for the Historical Financial Information**

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of the Target Company is included, and such information is prepared based on the accounting policies materially consistent with those of the Company.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial

Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Target Company’s financial position as at 30 November 2018 and of the Target Company’s financial performance for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

### **Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

#### ***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-3 have been made.

#### ***Dividends***

We refer to Note 8 to the Historical Financial Information which states that no dividend has been paid or declared by the Target Company in respect of the Track Record Period.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
29 January 2019

**HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY****Preparation of the Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standard Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in United States dollars ("US\$") except when otherwise indicated.

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

*FOR THE PERIOD FROM 14 NOVEMBER 2018 (DATE OF INCORPORATION)  
TO 30 NOVEMBER 2018*

|   | <i>Note</i> | <i>US\$</i>           |
|---|-------------|-----------------------|
| Administrative expenses                             |             | <u>(1,158)</u>        |
| Loss and total comprehensive expense for the period | 6           | <u><u>(1,158)</u></u> |

## STATEMENT OF FINANCIAL POSITION

AT 30 NOVEMBER 2018

|  | <i>Notes</i> | <i>US\$</i>         |
|--|--------------|---------------------|
| <b>Non-current assets</b>                |              |                     |
| Deposit paid for acquisition of a vessel | <i>11</i>    | 1,088,000           |
| Prepayments                              |              | <u>17,000</u>       |
|  |              | <u>1,105,000</u>    |
| <b>Current liability</b>                 |              |                     |
| Amount due to a shareholder              | <i>12</i>    | <u>1,096,158</u>    |
| <b>Net current liability</b>             |              | <u>1,096,158</u>    |
| <b>Net assets</b>                        |              | <u><u>8,842</u></u> |
| <b>Capital and reserve</b>               |              |                     |
| Share capital                            | <i>13</i>    | 10,000              |
| Accumulated loss                         |              | <u>(1,158)</u>      |
| <b>Total equity</b>                      |              | <u><u>8,842</u></u> |

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 14 NOVEMBER 2018 (DATE OF INCORPORATION)  
TO 30 NOVEMBER 2018

|  | <b>Share<br/>capital</b><br>US\$ | <b>Accumulated<br/>loss</b><br>US\$ | <b>Total</b><br>US\$ |
|--|----------------------------------|-------------------------------------|----------------------|
| Issue of shares upon incorporation                     | 10,000                           | –                                   | 10,000               |
| Loss and total comprehensive<br>expense for the period | <u>–</u>                         | <u>(1,158)</u>                      | <u>(1,158)</u>       |
| At 30 November 2018                                    | <u><u>10,000</u></u>             | <u><u>(1,158)</u></u>               | <u><u>8,842</u></u>  |



## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Target Company was incorporated on 14 November 2018 and registered in the Republic of Panama with limited liability. Its ultimate controlling party is Mr. Suen Cho Hung, Paul.

The Target Company has not conducted any business or activities since its incorporation other than activities relating to the entering into of the MOA (as defined in note 11). After completion of the transactions contemplated under the MOA, it is expected that the principal business of the Target Company will be provision of marine transportation services. The address of the registered office of the Target Company is Salduba Building, Third Floor, 53rd East Street, Marbella, Panama, Republic of Panama. The principal place of business of the Target Company is Suite 1501, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

### 2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 which conform with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap.622).

The Historical Financial Information is presented in United States dollars (“US\$”), which is the same as the functional currency of the Target Company.

No cash flow statement has been presented as the Target Company did not have any cash transaction during the Track Record Period.

As at 30 November 2018, the Target Company has a net current liability of US\$1,096,158. The Historical Financial Information has been prepared on a going concern basis because the sole shareholder has agreed to provide adequate funds to enable the Target Company to meet its financial obligations as they fall due for the foreseeable future and not to request repayment of the amount owed to him until such time as the Target Company is in a position to repay the amount without impairing its equity position and/or trading capabilities.

### 3. APPLICATION OF NEW AND REVISED IFRSs

For the purpose of preparing and presenting the Historical Financial Information of the Target Company for the Track Record Period, the Target Company has consistently applied International Accounting Standards (“IASs”), IFRSs, amendments and interpretations which are effective for its accounting period beginning on 14 November 2018 throughout the Track Record Period.

At the date of this report, the Target Company has not early applied the following new and amendments to IFRSs and an interpretation that have been issued but are not yet effective:

|                                  |  |
|----------------------------------|--|
| IFRS 16                          | Leases <sup>1</sup>  |
| IFRS 17                          | Insurance Contracts <sup>2</sup>   |
| IFRIC 23                         | Uncertainty over Income Tax Treatments <sup>1</sup>  |
| Amendments to IFRS 3             | Definition of a Business <sup>4</sup>  |
| Amendments to IFRS 9             | Prepayment Features with Negative Compensation <sup>1</sup>  |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to IAS 1 and IAS 8    | Definition of Material <sup>5</sup>  |
| Amendments to IFRS 19            | Plan Amendment, Curtailment or Settlement <sup>1</sup>   |
| Amendments to IFRS 28            | Long-term Interests in Associates and Joint Ventures <sup>1</sup>                                  |
| Amendments to IFRSs              | Annual Improvements to IFRSs 2015 – 2017 Cycle <sup>1</sup>  |

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.
- <sup>3</sup> Effective for annual periods beginning on or after a date to be determined.
- <sup>4</sup> Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2020.

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

##### **Financial instruments**

Financial liability is recognised when the Target Company becomes a party to the contractual provisions of the instrument.

Financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability is deducted from the fair value of financial liability, as appropriate, on initial recognition.

##### ***Financial liability and equity instruments***

Debt and equity instruments issued by an entity are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

##### ***Financial liability at amortised cost***

The financial liability (representing amount due to a shareholder) is subsequently measured at amortised cost using the effective interest method.

##### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

*Derecognition of financial liability*

The Target Company derecognises the financial liability when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**5. REVENUE**

The Target Company did not generate any revenue during the Track Record Period.

**6. LOSS FOR THE PERIOD**

US\$

Loss for the period has been arrived at after charging:

|                        |                   |
|------------------------|-------------------|
| Auditor's remuneration | –                 |
| Directors' emoluments  | –                 |
|                        | <u>          </u> |

**7. LOSS PER SHARE**

No loss per share for the Track Record Period is presented as its inclusion is considered not meaningful for the purpose of this report.

**8. DIVIDENDS**

No dividend was paid or declared by the Target Company for the Track Record Period.

**9. DIRECTORS' REMUNERATION**

No fees or emoluments were paid or are payable to the directors in respect of their services rendered to the Target Company during the Track Record Period.

There was no arrangement under which the directors waived or agreed to waive any remuneration during the Track Record Period. In addition, no remuneration was paid by the Target Company to the directors as an inducement to join, or upon joining the Target Company or as a compensation for loss of office during the Track Record Period.

**10. TAXATION**

Hong Kong Profits Tax has not been provided as the Target Company had no assessable profits arising in or derived from Hong Kong during the Track Record Period.

**11. DEPOSIT PAID FOR ACQUISITION OF A VESSEL AND CAPITAL COMMITMENT**

On 16 November 2018, the Target Company entered into a memorandum of agreement (the "MOA") with an independent third party, Bergen Yangzhou Supramax Carriers AS as vendor and the Target Company as the purchaser in relation to the acquisition of a vessel formerly named "MV Grand Pioneer" (now named "MV Polyworld") (the "Vessel") at a consideration of US\$10,880,000. At 30 November 2018, a deposit of US\$1,088,000, being 10% of the total consideration was paid by the sole shareholder on behalf of the Target Company according to the MOA and the remaining US\$9,792,000, being 90% of the total consideration, represents the capital commitment of the Target Company as at 30 November 2018.

**12. AMOUNT DUE TO A SHAREHOLDER**

The amount is unsecured, non-trade in nature, non-interest bearing and has no fixed repayment term.

**13. SHARE CAPITAL**

|   | <b>Number of shares</b> | <b>Share capital<br/>US\$</b> |
|---|-------------------------|-------------------------------|
| Ordinary shares of US\$100 each<br>Authorised, issued and fully paid:<br>At 14 November 2018 (date of incorporation)<br>and balance at 30 November 2018 | <u>100</u>              | <u>10,000</u>                 |

**14. CAPITAL RISK MANAGEMENT**

The Target Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Target Company consists of amount due to a shareholder and equity attributable to owners of the Company comprising share capital and reserve.

The directors of the Target Company review the capital structure periodically. The directors of the Target Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the new share issues as well as raising new debts or repayment of existing debt.

**15. FINANCIAL INSTRUMENTS****a. Category of financial instruments**

US\$

**Financial liability**

Amortised cost

1,096,158

**b. Financial risk management objectives and policies**

The Target Company's financial instrument represented an amount due to a shareholder. Details of this financial instrument is disclosed in note 12. The risk associated with this financial instrument represented liquidity risk. However, this risk is mitigated as the shareholder of the Target Company has agreed not to request repayment of the amount owed to him until such time as the Target Company is in a position to repay the amount without impairing its equity position and/or trading capabilities.

In the opinion of the directors of the Target Company, the difference between the carrying amount of financial liability and the undiscounted cash flow based on the earliest date on which the Target Company can be required to pay is not significant and therefore, no further analysis is presented.

**c. Fair value measurements of financial instruments**

The directors of the Target Company consider that the carrying amount of financial liability recorded at amortised cost in the Historical Financial Information approximate its fair value. Such fair value has been determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

**16. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Target Company in respect of any periods subsequent to 30 November 2018.

**(2) MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET COMPANY FOR THE PERIOD FROM 14 NOVEMBER 2018 (DATE OF INCORPORATION) TO 30 NOVEMBER 2018**

Set out below is the management discussion and analysis of the Target Company for the period from 14 November 2018 (being the date of incorporation of the Target Company) to 30 November 2018 which is based on detailed financial information of the Target Company as set out in the accountants' report in this appendix.

**Business review**

The Target Company is a company incorporated in the Republic of Panama with limited liability on 14 November 2018. The Target Company has not conducted any business or activities since its incorporation other than activities relating to the entering into of the MOA. After completion of the transactions contemplated under the MOA, it is expected that the principal business of the Target Company will be provision of marine transportation services.

**Financial review**

During the period from the date of incorporation to 30 November 2018, the Target Company did not generate any revenue. No provision for income tax has been made as the Target Company did not generate any assessable profit during the period from the date of incorporation to 30 November 2018.

During the period from the date of incorporation to 30 November 2018, the Target Company incurred administrative expenses of approximately US\$1,158 which mainly comprised incorporation expenses of the Target.

**Liquidity, financial resources and capital structure**

As at 30 November 2018, the Target Company's assets comprised the deposit paid of US\$1,088,000 and the direct attributable expenses of US\$17,000 for the acquisition of the Vessel. The direct attributable expenses comprised lawyer's fee of US\$12,000 and escrow fee of US\$5,000. The Target Company's only liability was the amount due to a shareholder.

The Target Company primarily finances its operation from the amount due to a shareholder. The Target Company adopts a prudent funding and treasury policy towards its overall business operation with an aim to minimize financial risks.

As at 30 November 2018, the issued share capital of the Target was US\$10,000 comprising 100 issued and fully paid ordinary shares of US\$100 each.

As at 30 November 2018, the Target Company's total equity and total borrowing (being the amount due to a shareholder) amounted to US\$8,842 and US\$1,096,158 respectively, representing a gearing ratio of over 122 times.

**Foreign exchange exposure**

It is expected that the monetary assets and liabilities as well as business transactions of the Target Company will mainly be denominated in US\$. The Group does not expect the Target Company to experience any significant exposure to exchange rate fluctuations. The Target Company had not entered into any financial arrangements for hedging purposes during the period from the date of incorporation to 30 November 2018.

**Pledge of assets**

As at 30 November 2018, the Target Company had no charge over its assets.

**Contingent liabilities**

As at 30 November 2018, the Target Company had no significant contingent liability.

**Capital commitments**

As at 30 November 2018, the Target had capital commitment of US\$9,792,000, being the remaining 90% of the consideration for acquisition of the Vessel.

**Significant investment, material acquisition and disposal**

As at 16 November 2018, the market value of the Vessel amounted to approximately US\$12,360,000. Details of the market value of the Vessel as at 16 November 2018 are set out in Appendix IV to this circular. The Target Company did not have any material acquisition and disposal of subsidiaries and associated companies during the period from the date of incorporation to 30 November 2018. As at 30 November 2018, save for the Vessel, the Target did not hold any significant investments or plan for material investments or capital assets in future period.

**Employees and remuneration policies**

During the period from the date of incorporation to 30 November 2018, the Target Company did not employ any employees and hence the Target Company did not incur any staff costs nor does it adopt any remuneration policies, bonus and share option schemes and training schemes.

*The following is the text of the independent reporting accountants' assurance report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this circular.*

**Deloitte.**  
**德勤**

德勤·關黃陳方會計師行  
香港金鐘道88號  
太古廣場一座35樓

Deloitte Touche Tohmatsu  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

**A. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**TO THE DIRECTORS OF COURAGE INVESTMENT GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Courage Investment Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2018 and related notes as set out on pages III-4 to III-7 of the circular issued by the Company dated 29 January 2019 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-4 to III-7 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire issued share capital of and shareholder's loan to Polyworld Marine Corp. on the Group's financial position as at 30 June 2018 as if the transaction had taken place at 30 June 2018. As part of this process, information about the Group's financial position as at 30 June 2018 has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2018, on which no auditor's report or review report has been published.

**DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").



**OUR INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**REPORTING ACCOUNTANTS’ RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**OPINION**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
29 January 2019

**B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The following is an illustrative and unaudited pro forma financial information (the “Unaudited Pro Forma Financial Information”), comprising the unaudited pro forma statement of assets and liabilities of Courage Investment Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) and related notes, for the purpose of illustrating the effect of the proposed acquisition of the entire issued share capital of and shareholder’s loan to Polyworld Marine Corp. (the “Target Company”) (the “Proposed Acquisition”) as if it had been completed on 30 June 2018.

The Unaudited Pro Forma Financial Information of the Group immediately after completion of the Proposed Acquisition of the Target Company (the “Enlarged Group”) has been prepared by the Directors in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the consolidated financial position of the Enlarged Group as at 30 June 2018 or at any future date.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published interim report of the Company for the six months ended 30 June 2018.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2018 is prepared as if the Proposed Acquisition had taken place on 30 June 2018 and is based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2018, which has been extracted from the published interim report of the Company for the six months ended 30 June 2018; and (ii) the audited statement of financial position of the Target Company as extracted from the Accountants’ Report of the Target Company as set out in Appendix II to the Circular, after making pro forma adjustments that are (a) directly attributable to the Proposed Acquisition; and (b) factually supportable.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in the Circular.

## Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group

|  | The Group<br>30 June<br>2018<br><i>US\$'000</i><br><i>(Note 1)</i> | The Target<br>Company<br>30 November<br>2018<br><i>US\$'000</i> | Unaudited<br>pro forma<br>adjustment<br><i>US\$'000</i><br><i>(Note 2)</i> | The Enlarged<br>Group<br>30 June<br>2018<br><i>US\$'000</i> |
|--|--|---|--|---|
| <b>Non-current assets</b>  |  |   |  |   |
| Property, plant and equipment  | 19,275   | –   | 10,897   | 30,172  |
| Investment property  | 9,806  | –   |  | 9,806   |
| Interest in a joint venture  | 4,406  | –   |  | 4,406   |
| Debt instruments at fair value through<br>other comprehensive income | 8,589  | –   |  | 8,589   |
| Deposit paid for acquisition of a vessel                             | –  | 1,088   | (1,088)  | –   |
| Prepayments  | –  | 17  | (17)   | –   |
|  | <u>42,076</u>  | <u>1,105</u>  |  | <u>52,973</u>   |
| <b>Current assets</b>  |  |   |  |   |
| Inventories  | 523  | –   |  | 523   |
| Trade receivables  | 360  | –   |  | 360   |
| Other receivables and prepayments                                    | 1,479  | –   |  | 1,479   |
| Amount due from a joint venture                                      | 669  | –   |  | 669   |
| Financial assets at fair value through<br>profit or loss             | 5,334  | –   |  | 5,334   |
| Time deposit   | 500  | –   |  | 500   |
| Cash and cash equivalents  | 2,061  | –   | (10,897)   | (8,836)   |
|  | <u>10,926</u>  | <u>–</u>  |  | <u>29</u>   |

**APPENDIX III****UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**

|   | <b>The Group</b>     | <b>The Target</b>  |                   | <b>The Enlarged</b>  |
|---|----------------------|--------------------|-------------------|----------------------|
|   | <b>30 June</b>       | <b>Company</b>     | <b>Unaudited</b>  | <b>Group</b>         |
|   | <b>2018</b>          | <b>30 November</b> | <b>pro forma</b>  | <b>30 June</b>       |
|   | <i>US\$'000</i>      | <i>2018</i>        | <i>adjustment</i> | <i>2018</i>          |
|   | <i>(Note 1)</i>      | <i>US\$'000</i>    | <i>US\$'000</i>   | <i>US\$'000</i>      |
|   |                      |                    | <i>(Note 2)</i>   |                      |
| <b>Current liabilities</b>                        |                      |                    |                   |                      |
| Trade payables                                    | 898                  | –                  |                   | 898                  |
| Deposits received, other payables and<br>accruals | 1,441                | –                  |                   | 1,441                |
| Borrowings  |                      |                    |                   |                      |
| – due within one year                             | 10,111               | –                  |                   | 10,111               |
| Amount due to a shareholder                       | <u>–</u>             | <u>1,096</u>       | (1,096)           | <u>–</u>             |
|   | <u>12,450</u>        | <u>1,096</u>       |                   | <u>12,450</u>        |
| Net current liabilities                           | <u>(1,524)</u>       | <u>(1,096)</u>     |                   | <u>(12,421)</u>      |
| Total assets less current liabilities             | <u>40,552</u>        | <u>9</u>           |                   | <u>40,552</u>        |
| <b>Non-current liabilities</b>                    |                      |                    |                   |                      |
| Borrowings  |                      |                    |                   |                      |
| – due more than one year                          | <u>5,652</u>         | <u>–</u>           |                   | <u>5,652</u>         |
|   | <u>5,652</u>         | <u>–</u>           |                   | <u>5,652</u>         |
| Net assets  | <u><u>34,900</u></u> | <u><u>9</u></u>    |                   | <u><u>34,900</u></u> |

**NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

1. The amounts are extracted, without adjustments, from the published interim report of the Company for the six months ended 30 June 2018.
2. The adjustment of US\$10,897,000 reflects the consideration for the acquisition cost of a vessel formerly named “MV Grand Pioneer” (now named “MV Polyworld”) (the “Vessel”) of US\$10,880,000 and capitalization of the prepayments of legal fee and escrow fee totalling US\$17,000 which were directly incurred for the acquisition of the Vessel. As at 30 November 2018, a deposit of US\$1,088,000 and expenses of US\$17,000 directly incurred for the acquisition of the vessel were paid by the shareholder of the Target Company. The difference of US\$603,000 between the consideration for the acquisition cost of the Vessel of US\$10,897,000 and the maximum aggregate consideration payable of US\$11,500,000 includes the fuels and lubricants and running costs of the Vessel before completion of acquisition of the Target Company, such amounts could not be ascertained until they are actually incurred and therefore not adjusted in the Unaudited Pro Forma Financial Information of the Enlarged Group. As at 30 November 2018, the amount due to a shareholder of the Target Company of approximately US\$1,096,000 will become amount due to a subsidiary of the Company after completion of the Proposed Acquisition and therefore eliminated fully for the purpose of the preparation of the Unaudited Pro Forma Financial Information. The Vessel will be classified as property, plant and equipment and the Vessel will continue to be chartered out for earning income. The Vessel will be initially measured at cost (inclusive of transaction costs) and subsequently measured at cost less any recognised depreciation and impairment loss. Based on the Group’s cash and cash equivalents as at 30 June 2018, the Group would not have sufficient cash and cash equivalent to settle the consideration for the Proposed Acquisition. The Group intends to settle the consideration by utilising the net proceeds of approximately US\$5,428,000 raised from the placing of the Company’s new shares which was completed on 15 August 2018 (details of which are contained in the Company’s announcements dated 27 July 2018 and 15 August 2018), and with the remaining consideration to be financed by a bank borrowing of approximately US\$3,846,000 (equivalent to HK\$30,000,000) and the Group’s other financial resources. The Company has in place the bank facility which is available for draw down. The placing of the Company’s new shares and bank borrowing to be drawn down are not pre-conditions to the transaction. Therefore, these two adjustments are not adjusted in the Unaudited Pro Forma Financial Information of the Enlarged Group.

In the opinion of the directors of the Company, the acquisition of the Target Company does not constitute a business. Therefore, the transactions were determined by the directors of the Company to be acquisition of assets and liabilities through acquisition of subsidiaries rather than a business combination as defined in International Financial Reporting Standard 3 “Business Combinations”.

3. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2018.

*The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from JP Assets Consultancy Limited, an independent qualified valuer, in connection with its valuation as at 16 November 2018 of the vessel to be acquired by Peak Prospect Global Limited, a wholly owned subsidiary of Courage Investment Group Limited, through the acquisition of the entire issued share capital of and shareholder's loan to Polyworld Marine Corp.*



Unit 3B, 3/F., Block A,  
Hong Kong Industrial Centre,  
489-491 Castle Peak Road,  
Lai Chi Kok, Kowloon,  
Hong Kong

29 January 2019

**The Board of Directors  
Courage Investment Group Limited**

Unit 1510, Great Eagle Centre,  
23 Harbour Road,  
Wan Chai,  
Hong Kong

Dear Sir or Madam,

In accordance with your instructions, we have made an appraisal of a vessel formerly named "MV Grand Pioneer" (now named "MV Polyworld") (the "Vessel") exhibited to us as that to be acquired by Peak Prospect Global Limited ("Purchaser"), a wholly owned subsidiary of Courage Investment Group Limited (the "Company"), through the acquisition of the entire issued share capital of and shareholder's loan to Polyworld Marine Corp.

We confirm that we have carried out an inspection, made relevant inquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair value of the Vessel as at 16 November 2018.

It is our understanding that this valuation report was prepared for the purpose of incorporation in this circular and for the reference of the shareholders of the Company.

**1. INTRODUCTION**

Courage Investment Group Limited is an investment holding company primarily listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1145) and secondarily listed on the Main Board of SGX-ST (stock code: CIN). The principal activities of the Group are provision of marine transportation services, property holding and investment, merchandise trading and investment holding. The Vessel exhibited to us as that to be acquired by the Group, is appraised in fair value.

The Vessel was on the valuation date anchored along Hong Kong shoreline at a distance from the southern coast of Lamma Island, Hong Kong.

## 2. PARTICULARS OF THE VESSEL

References are made to the Bergen District Court's document and the ABS Survey Manager Survey Status prepared by the American Bureau of Shipping (ABS) dated 31 August 2018 for particulars of the Vessel. ABS is a classification society to certify that the construction of a vessel comply with the relevant standards and carry out regular surveys in service to ensure continuing compliance with the standards.

### PARTICULARS OF THE VESSEL:

|                              |   |  |
|------------------------------|---|--|
| Owner                        | : | Bergen Yangzhou Supramax Carriers AS                           |
| Vessel name/IMO no.          | : | formerly named Grand Pioneer (now named Polyworld)/<br>9626584 |
| Vessel type                  | : | Bulk Carrier   |
| Age                          | : | 7 years  |
| Delivery date                | : | 9 December 2011  |
| Builder                      | : | Yangzhou Guoyu Shipbuilding Co. Ltd., China                    |
| Port of registration         | : | Majuro, Marshall Islands (now is Panama)                       |
| Design deadweight tonnage    | : | 56,641 tonnes  |
| Estimated gross tonnage      | : | 33,032 tonnes  |
| Length between perpendicular | : | 185 m  |
| Molded breadth               | : | 32.26 m  |
| Molded depth                 | : | 18 m   |
| Estimated useful life        | : | 25 years   |

## 3. BASIS OF VALUATION

The basis of valuation will be fair value which is defined as the following:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

## 4. VALUATION METHODOLOGIES

There are generally three accepted approaches for our valuation, namely:

### The Cost Approach

The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets including costs of transport, installation, commissioning and consultants' fees. Adjustment is then made for accrued depreciation, which encompasses condition, utility, age, wear and tear, functional and economic obsolescence.



**The Market Approach**

The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative.

**The Income Approach**

The income approach is the present worth of the future economic benefits of ownership. This approach is generally applied to an aggregation of assets which consists of all assets of a business enterprise including working capital and tangible and intangible assets.

**General**

In most valuations, one or more may be applicable to the subject assets. In some situations, elements of the three approaches may be combined to reach a value conclusion.

**5. ANALYSIS**

In developing our opinion on the fair value for the Vessel, the income approach is excluded as no relevant financial information relating to the individual Vessel was available; we therefore put more of our emphasis on the market approach and the cost approach. For this valuation, the market approach was the principal method adopted to arrive at our opinion of value, and after cross checking to available new ship-built cost (i.e. depreciated replacement cost approach).

In the market approach, the value of the appraised Vessel is estimated through analysis of recent sales of comparable items to the Vessel. It is employed in the valuation of the Vessel for which there is a known used market. Under the premise of continued use assuming adequate earnings, consideration is given to the price to acquire similar items in the used-vessel market.

We have selected 12 comparable vessels (the “Comparable Vessels”) from two websites. Sales transactions of 5 Comparable Vessels recorded during August to October 2018 from the website of Athenian Shipbrokers S.A. and sales transactions of 7 Comparable Vessels recorded during week No.40 to Week No.44 of 2018 from the website of Advanced Weekly Shipping Market Report, detailed information of the Comparable Vessels are stated as below:

| Vessel name        | Deadweight tonnage | Year built | Country in which the vessel was built | Month/ week the transaction was reported | Selling price (USD) | Adjusted price* (USD) |
|--------------------|--------------------|------------|---------------------------------------|--|---------------------|-----------------------|
| IVY UNICORN        | 55,874             | 2011       | Japan                                 | October 2018                             | 16,250,000          | 12,360,000            |
| BULK AVANTI        | 56,024             | 2006       | Japan                                 | October 2018                             | 12,500,000          | 14,310,000            |
| NAUTICAL AVENTURIN | 56,778             | 2012       | China                                 | August 2018                              | 13,550,000          | 12,810,000            |
| EM CRYSTAL         | 57,353             | 2011       | China                                 | August 2018                              | 12,200,000          | 12,060,000            |
| SAGAR JYOTI        | 58,110             | 2011       | China                                 | August 2018                              | 16,500,000          | 16,080,000            |
| TC GOLD            | 58,096             | 2011       | Philippines                           | Week 44/2018                             | 15,000,000          | 15,400,000            |
| TRON LEGACY        | 56,444             | 2012       | China                                 | Week 44/2018                             | 13,500,000          | 12,870,000            |
| BULK ARGENTINA     | 55,477             | 2009       | Japan                                 | Week 44/2018                             | 14,900,000          | 13,280,000            |
| PETERBOROUGH       | 55,783             | 2009       | Vietnam                               | Week 43/2018                             | 10,500,000          | 12,550,000            |
| MILLWALL           | 55,648             | 2011       | Vietnam                               | Week 43/2018                             | 11,000,000          | 11,770,000            |
| GUARDIANSHIP       | 56,884             | 2011       | China                                 | Week 40/2018                             | 12,000,000          | 11,950,000            |
| GLADIATORSHIP      | 56,819             | 2010       | China                                 | Week 40/2018                             | 11,000,000          | 11,620,000            |

\* the basis of calculation of the adjusted price of the Comparable Vessels is explained below

The Vessel under appraisal is a Supramax type bulk carrier (i.e. deadweight tonnage between 50,000 to 60,000), there are sufficient sales transactions information available to use for market comparison. Thus, the cost approach was solely used for cross checking with available new ship-built cost (i.e. depreciated replacement cost approach).

Depreciated replacement cost approach is used where there is no active market for the asset being valued, that is, where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset, and it is impractical to produce a reliable valuation using other methods.

The selection criteria of the Comparable Vessels are:

- (1) Type of the vessels – the Vessel and the Comparable Vessels are all Supramax type.
- (2) Use of the vessels – the Vessel and the Comparable Vessels are all used as bulk carrier.
- (3) The vessels’ capacity – the deadweight tonnage of the Vessel is 56,641 and the deadweight tonnage of the Comparable Vessels ranged from 55,477 to 58,110.

- (4) The age – the age of the Vessel is 7 years and the age of the Comparable Vessels ranged from 6 to 12 years.
- (5) The country of building – the Vessel was built in China and the Comparable Vessels were built in China, Vietnam, Philippines or Japan.

We have made appropriate selection of comparables from the market transactions, it is important that the vessels in the selected range are properly adjusted to match the vessel being appraised. When developing price information we have compared the major attributes of the vessels as stated above, and making adjustments to the price of the Comparable Vessels as follows:

- (i) The vessels' capacity – converts the price of the Comparable Vessels to a dollar-per-tonne basis, upward or downward adjustment applied to the comparables by adjusting the price of the vessels on the same deadweight tonnage basis.
- (ii) The age – we assumed that the normal useful life of the vessels are all the same at 25 years, then calculated the annual depreciation rate of the Comparable Vessels, make downward adjustment to the price of the Comparable Vessels which have longer remaining useful life and upward adjustment to the price of the Comparable Vessels which has shorter remaining useful life, by referencing to the benchmark which is the age of the Vessel of 7 years.
- (iii) The country of built – we have made a downward adjustment to the price of the Comparable Vessels which were built in Japan by 25% and upward adjustment to the price of the Comparable Vessels which were built in Vietnam and Philippines by 5%.

After adjustments made to the selling price of the Comparable Vessels as shown in the last column of the table above, we have considered that the estimated fair values of 9 Comparable Vessels are found acceptable as the deviations from the mean fair value are between -6% to +7% and are adopted for this valuation, while the estimated fair values of 3 Comparable Vessels exhibit an extraordinary higher premium over the mean fair value of USD12,360,000 by 16% to 30%, i.e. USD14,310,000, USD15,400,000 and USD16,080,000 and are not adopted for the valuation.

For the purpose of cross checking the value of the Vessel using the depreciated replacement cost approach, we have made reference to the new ship-built cost of bulk carrier from the two websites mentioned above. The building cost ranged from USD23,500,000 to USD26,000,000. After making adjustment to this range of new ship-built cost, the estimated fair value of the Vessel is USD17,800,000.

In the course of valuation, we have perused records, conducted interviews with senior management and obtained relevant information with regard to the Vessel.

## **6. SCOPE OF INVESTIGATION, ASSUMPTIONS AND CONSIDERATIONS**

We conducted an inspection of the Vessel on 21 November 2018 and 4 December 2018. During our inspection, we noted that the Vessel was in good working condition without heavy corrosion, deformation and fractures to the side shell plate, the ship hull and frame were structural sound without any deterioration, the lifting cranes and associated equipment was in normal useful condition. In the course of our

investigation, we accepted records furnished by the Company as properly describing the Vessel. We visited its anchorage to verify the existence of the Vessel and to gather information relating to its condition and utility. The rest of the information provided by the Company, after making adjustments based on our observations, although not subject to a detailed verification, was accepted as reasonably representing the facts.

Consideration had been given to accrued depreciation that was based on the observed condition and present and prospective serviceability in comparison with new units of like kind, including factors like maintenance policy, characters, levels of use and all other factors that are deemed to have an influence on the Vessel's value, as well as recent market prices of comparable items to the Vessel in a similar classification with due consideration to their age and condition.

In forming our opinion of the fair value of the Vessel, we have assumed that it will continue to be used in its present existing state for business of the Company for which it was designed and built without specific reference to income.

The opinion of fair value of the Vessel as constructed for the intended utilization is not necessarily intended to represent the amount that might be realized from piecemeal disposition of the Vessel in the open market or from alternative uses of the Vessel.

We have assumed that the Vessel will be used in its present existing state with the benefit of continuity during the foreseeable future.

We have made no investigation of and assumed no responsibility for the title to the Vessel. We have also assumed in our valuation that the Vessel is free from any encumbrance.

Our valuation of the Vessel did not attempt to arrive at any conclusion of total value of the Company as a business entity.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the Vessel was used.

We had not carried out a mechanical survey, nor have we inspected covered or inaccessible areas of the Vessel. Also, no investigation was conducted as to whether the operation of specific pieces of the Vessel complied with the relevant environmental standards and ordinances; we had assumed that the Vessel continued and would continue to comply with the current environmental standards and ordinances. We made no allowance in our valuation for costs, if any, associated with the disposal or handling of materials required to comply with current or changing environment legislations.

We have relied on the information provided by the Company in valuing the Vessel.

## **7. LIMITING CONDITIONS**

We have totally disregarded such items of the Vessel which, in our opinion, have no practical take-up value or are normally charged as operating expenses.

We are not prepared to give testimony or attendance in court or to any government agency with reference to the Vessel.

Unless otherwise stated, the Vessel has been valued in United States Dollars (US\$).

## **8. CONCLUSION OF VALUE**

Based on the investigation described, it is our opinion that as of 16 November 2018, the fair value of the Vessel is reasonably represented by the amount of UNITED STATES DOLLARS TWELVE MILLION THREE HUNDRED SIXTY THOUSAND (US\$12,360,000).

For the purpose of this valuation, we have reviewed the acquisition records and survey report as well as other related technical specifications and documents supplied to us by the Company. We have relied to a considerable extent on such records, listings, specifications and documents in arriving at our opinion of value.

We have not investigated the title to or any liabilities against the Vessel.

We hereby certify that we have neither present nor a prospective interest in the Vessel or the value reported.

Respectfully submitted,  
For and on behalf of  
**JP ASSETS CONSULTANCY LIMITED**  
**Sunny C.K. Lee**  
*MSc, BEng (Hons), CEng., MIMechE,  
MSAE, AMHKIE*

*Note:* Mr. Sunny C.K. Lee is a Chartered Mechanical Engineer and he has extensive experience in plant and machinery valuation in Greater China and the Asia-Pacific Region.

## 1. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO); as recorded in the register required to be kept by the Company under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

## 2. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and the chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

| Name of Shareholder                                   | Capacity and nature of interest    | Number of Shares held      | Approximate percentage of the Company's issued share capital |
|---|------------------------------------|----------------------------|--|
| Suen Cho Hung, Paul                                   | Interest of controlled corporation | 87,270,066 ( <i>Note</i> ) | 15.90%   |
| Brilliant Epic Asia Limited<br>("Brilliant Epic")     | Interest of controlled corporation | 87,270,066 ( <i>Note</i> ) | 15.90%   |
| Success United Development Limited ("Success United") | Beneficial owner                   | 87,270,066 ( <i>Note</i> ) | 15.90%   |

*Note:*

Success United was a wholly owned subsidiary of Brilliant Epic which was, in turn, wholly owned by Mr. Suen. Mr. Suen was the sole director of Brilliant Epic and Success United. Accordingly, Brilliant Epic and Mr. Suen were deemed to be interested in 87,270,066 Shares held by Success United under the SFO.

The interests of Mr. Suen, Brilliant Epic and Success United in 87,270,066 Shares referred to in the note above related to the same parcel of Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person (other than the Directors and the chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

### **5. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

### **6. VESSEL VALUATION**

The valuation report in respect of the Vessel indicated the market value of the Vessel, details of which are set out in Appendix IV to this circular, was US\$12,360,000 as at 16 November 2018.

### **7. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

### **8. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business of the Enlarged Group) have been entered into by members of the Enlarged Group within two years immediately preceding the Latest Practicable Date which are or may be material (the "Material Contracts"):

- (i) the MOA;
- (ii) the Agreement;
- (iii) the Supplemental Agreement;

- (iv) the placing agreement dated 27 July 2018 entered into between the Company and Emperor Securities Limited as the placing agent pursuant to which the Company conditionally agreed to place, through Emperor Securities Limited, on a best effort basis, up to 91,475,000 new shares to not less than six independent placees at the placing price of HK\$0.473 per placing share, details of which were disclosed in the announcements of the Company dated 27 July 2018 and 15 August 2018;
- (v) the memorandum of agreement dated 8 February 2017 entered into between Zorina Navigation Corp., a wholly owned subsidiary of the Company, as seller and Universal Ship Investment Corp., as buyer in relation to the sale and purchase of a vessel at the consideration of US\$7,350,000, details of which are disclosed in the announcements of the Company dated 8 February 2017, 2 May 2017 and 5 June 2017; and
- (vi) the placing agreement dated 6 January 2017 entered into between the Company and Get Nice Securities Limited as the placing agent pursuant to which the Company conditionally agreed to place, through Get Nice Securities Limited, on a best effort basis, up to 25,400,000 new shares to not less than six independent placees at the placing price of HK\$3.820 per placing share, details of which were disclosed in the announcements of the Company dated 6 January 2017 and 18 January 2017.

## 9. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which have been, since 31 December 2017 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 10. MATERIAL ADVERSE CHANGE

The Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up to.

## 11. EXPERTS' QUALIFICATIONS AND CONSENTS

The following is the qualifications of the experts who have given opinions or advice which are contained in this circular:

| <b>Name</b>              | <b>Qualifications</b>  |
|--------------------------|--|
| Deloitte Touche Tohmatsu | Certified Public Accountants   |
| Veda Capital Limited     | A licensed corporation authorised to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |



JP Assets Consultancy                      Independent qualified valuer  
Limited

As at the Latest Practicable Date, the above experts:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; or
- (b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Group were made up (i.e. 31 December 2017), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Deloitte Touche Tohmatsu, Veda Capital and JP Assets Consultancy Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters and/or reports (as the case may be) and references to its name, in the form and context in which it respectively appears.

## **12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during 9:00 a.m. to 6:00 p.m. on any weekday (except for Saturday and public holidays) at Suite 1510, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the Bye-laws;
- (b) the annual reports of the Company for the year ended 31 December 2015, 2016 and 2017 and the interim report of the Company for the six months ended 30 June 2018;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;
- (d) the letter of advice from Veda Capital, the text of which is set out on pages 18 to 30 of this circular;
- (e) the accountants' report prepared by Deloitte Touche Tohmatsu on the financial information of the Target, the text of which is set out in Appendix II of this circular;
- (f) the report issued by Deloitte Touche Tohmatsu in relation to the unaudited pro forma financial information of the Enlarged Group the text of which is set out in Appendix III to this circular;
- (g) the valuation report of the Vessel as set out in Appendix IV to this circular;
- (h) copy of the Material Contracts referred to in the paragraph headed "Material Contracts" in this appendix;

- (i) the consent letters referred to in the paragraph headed “Experts’ qualifications and consents” in this appendix; and
- (j) this circular.

**13. MISCELLANEOUS**

- (a) The Joint Company Secretary of the Company are Ms. Lee Pih Peng, who is admitted to the Singapore Bar, a solicitor of England and Wales, an Attorney of the New York Bar and the director and founder of Altum Law Corporation and Mr. Hon Kwok Ping Lawrence, who is a Certified Public Accountant with fellow membership of the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants, United Kingdom.
- (b) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is Suite 1510, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (c) The Company’s share registrar is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queens’ Road East, Hong Kong. The Company’s Singapore share transfer agent is Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.
- (d) The English text of this circular and the accompany form of proxy shall prevail over their respective Chinese text thereof.

---

## NOTICE OF SPECIAL GENERAL MEETING

---



# 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)**

**NOTICE IS HEREBY GIVEN** that the special general meeting (the “SGM”) of Courage Investment Group Limited (the “Company”) will be held at Room 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong and via video conference at Wangz Business Centre, 7 Temasek Boulevard, The Penthouse #44-01, Suntec Tower One, Singapore 038987 on Tuesday, 19 February 2019 at 2:30 p.m., for the purpose of considering and, if thought fit, passing, with or without amendment(s), the following resolution as an ordinary resolution:

**“THAT:**

- (a) the sale and purchase agreement dated 16 November 2018 and a supplemental agreement dated 16 January 2019 (together the “Agreement”) between Peak Prospect Global Limited, as purchaser and Mr. Suen Cho Hung, Paul (the “Vendor”), as vendor in relation to the acquisition of (i) the entire issued share capital of Polyworld Marine Corp. (the “Target”) and (ii) the shareholder’s loan owing by the Target to the Vendor as at the completion of the Agreement (a copy of which was tabled at the meeting marked “A” and signed by the Chairperson of the meeting for the purpose of identification) at the maximum consideration of US\$11,500,000 and the transactions contemplated thereunder, and the reimbursement to the Vendor in the maximum amount of US\$50,000 under the Agreement be and are hereby confirmed and approved; and
- (b) the directors of the Company be and are hereby authorised to complete and do all such acts and things including, without limitation, to execute all such documents and to approve any amendments, alteration or modification to any documents as he/she or they may consider necessary, desirable or expedient to give full effect to this resolution.”

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

Hong Kong and Singapore, 29 January 2019

---

## NOTICE OF SPECIAL GENERAL MEETING

---

*Principal place of business in Hong Kong:*

Suite 1510, 15th Floor  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Notes:*

1. A Hong Kong Proxy Form (for shareholders in Hong Kong), a Singapore Proxy Form (for shareholders in Singapore) or a Depositor Proxy Form (for depositors who hold shares through an account with The Central Depository (Pte) Limited (“CDP”) (the “Depositor(s)”) is enclosed herewith.
2. A shareholder entitled to attend and vote at the SGM and who holds two or more shares is entitled to appoint no more than two proxies to attend and vote on his/her/its behalf provided that if the shareholder is CDP or a clearing house (or its nominee(s)), CDP or the clearing house (or its nominee(s)) (as the case may be) may appoint more than two proxies to attend and vote at the SGM and each proxy shall be entitled to exercise the same powers on behalf of CDP or the clearing house (or its nominees) could exercise. A proxy need not be a shareholder of the Company. The appointment of a proxy by a shareholder does not preclude him/her/it from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) if he/she/it so wishes and in such event, the instrument appointing the proxy shall be deemed to be revoked.
3. A shareholder in Hong Kong who wishes to appoint a proxy should complete the attached Hong Kong Proxy Form. Thereafter, the Hong Kong Proxy Form must be lodged at the office of the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting thereof (as the case may be).
4. A shareholder in Singapore who wishes to appoint a proxy should complete the attached Singapore Proxy Form. Thereafter, the Singapore Proxy Form must be lodged at the office of the Company’s Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting thereof (as the case may be).
5. For the avoidance of doubt, the Singapore Proxy Form should not be used by Depositors. Depositors who wish to attend and vote at the SGM should refer to paragraphs 6 and 7 below.
6. (i) A Depositor which is a corporation and who wishes to attend and vote at the SGM or (ii) an individual Depositor who is unable to attend personally but wishes to appoint a person(s) to attend and vote on his/her/its behalf, should complete, sign and return the attached Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive the office of the Company’s Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting thereof (as the case may be).
7. A Depositor (other than Depositors which are corporations) holding shares through the CDP and whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act of Singapore) as at a time not earlier than 48 hours before the time appointed for holding of the SGM or any adjourned meeting thereof (as the case may be) and who wishes to attend and vote at the SGM may do so as CDP’s proxy without having to complete or return any form of proxy.
8. The instrument appointing a proxy shall be in writing under the hand of the appointor or by his/her/its attorney duly authorised in writing. If a shareholder or Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

---

## NOTICE OF SPECIAL GENERAL MEETING

---

9. For shareholders in Hong Kong, in order to be eligible to attend and vote at the SGM, all unregistered holders of the shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 February 2019.
10. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share(s) as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the SGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the share(s) shall be accepted to the exclusion of the votes of the other registered holders.
11. As at the date of this notice, the Board of Directors of the Company comprises one Non-executive Director, namely, Mr. Sue Ka Lok (Chairman), three executive Directors, namely, Mr. Zhang Liang (Chief Executive Officer), Ms. Wang Yu and Ms. Wan Jia; and three Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. To Yan Ming, Edmond and Mr. Pau Shiu Ming.