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

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: CIN)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board of Directors (the "**Board**") of Courage Investment Group Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2019 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue			
Marine transportation income		**5,336**	1,184
Trading income		**1,792**	2,728
Interest income		**332**	305
Rental income		**–**	124
Total revenue	*4*	**7,460**	4,341
Cost of goods sold and direct expenses		**(6,145)**	(3,662)
Other income		**16**	7
Other gains and losses, net	*5*	**375**	(1,603)
Administrative expenses		**(790)**	(589)
Share of result of a joint venture		**(11)**	(2)
Finance costs		**(636)**	(401)

	Notes	Six months ended 30 June 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Profit (loss) for the period attributable to owners of the Company	*7*	**269**	(1,909)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of a foreign operation		**8**	(77)
Net increase (decrease) in fair value of debt instruments at fair value through other comprehensive income		**543**	(871)
Release on disposal of debt instruments at fair value through other comprehensive income		**15**	–
Other comprehensive income (expense) for the period, net of income tax		**566**	(948)
Total comprehensive income (expense) for the period attributable to owners of the Company		**835**	(2,857)
Basic earnings (loss) per share attributable to owners of the Company (US cent)	*9*	**0.05**	(0.42)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	At 30 June 2019 US$'000 (Unaudited)	At 31 December 2018 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**33,849**	23,460
Deposit paid for an acquisition	*11*	**–**	1,088
Investment property		**11,013**	10,490
Interest in a joint venture		**4,334**	4,337
Debt instruments at fair value through other comprehensive income		**8,879**	8,829
		58,075	48,204
Current assets			
Inventories		**418**	722
Debt instruments at fair value through other comprehensive income		**501**	–
Trade receivables	*12*	**467**	441
Other receivables and prepayments		**627**	1,702
Amount due from a joint venture		**669**	669
Financial assets at fair value through profit or loss		**2,276**	2,596
Time deposit		**500**	500
Bank balances and cash		**890**	4,284
		6,348	10,914
Total assets		**64,423**	59,118
Current liabilities			
Trade payables	*13*	**32**	363
Deposits received, other payables and accruals		**1,199**	1,211
Contract liabilities		**33**	42
Income tax payable		**1**	1
Borrowings – due within one year	*14*	**4,550**	9,339
		5,815	10,956

	Note	At 30 June 2019 US$'000 (Unaudited)	At 31 December 2018 US$'000 (Audited)
Capital and reserves			
Share capital		**32,931**	32,931
Reserves		**10,988**	10,153
Total equity		**43,919**	43,084
Non-current liability			
Borrowings – due more than one year	*14*	**14,689**	5,078
Total liabilities and equity		**64,423**	59,118
Net current assets (liabilities)		**533**	(42)
Total assets less current liabilities		**58,608**	48,162

Notes:

1 General

The Company (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is at Suite 1510, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company is primarily listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and secondarily listed on the Main Board of the Singapore Exchange Securities Trading Limited. The condensed consolidated financial statements are presented in the United States dollars ("**US$**"), which is the functional currency of the Company, and all values are rounded to the nearest thousand (US$'000) where appropriate as indicated.

2 Principal accounting policies

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

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

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

2.1 Impacts and changes in accounting policies of application of IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases, and the related interpretations.

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

Based on the assessment by the directors of the Company, the transition to IFRS 16 as a lessee would have no impact on the Group's condensed consolidated statement of financial position at 30 June 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period and accumulated losses at 1 January 2019.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

Based on the assessment by the directors of the Company, the transition to IFRS 16 as a lessor would have no impact on the Group's condensed consolidated statement of financial position at 30 June 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period and accumulated losses at 1 January 2019.

2.2 Significant changes in significant judgements and key sources of estimation uncertainty

- Lease or service

- Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

3 Segment information

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the executive directors and chief executive of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance. This is also the current basis of organisation in the Group, whereby the management has chosen to organise the Group in different operating activities.

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

1. Marine transportation

2. Property holding and investment

3. Investment holding

4. Merchandise trading

Segment results represent the profit/loss from each segment without allocation of corporate income, corporate expenses, share of result of a joint venture and finance costs.

Segment revenue and results

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

	Marine transportation Six months ended 30 June		Property holding and investment Six months ended 30 June		Investment holding Six months ended 30 June		Merchandise trading Six months ended 30 June		Total Six months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue	**5,336**	1,184	**–**	124	**332**	305	**1,792**	2,728	**7,460**	4,341
Segment results	**913**	201	**504**	868	**281**	(2,125)	**17**	36	**1,715**	(1,020)
Unallocated:										
Corporate income									**4**	83
Corporate expenses									**(803)**	(569)
Share of result of a joint venture									**(11)**	(2)
Finance costs									**(636)**	(401)
Profit (loss) for the period									**269**	(1,909)

Segment assets

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

	Marine transportation At		Property holding and investment At		Investment holding At		Merchandise trading At		Total At	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**35,343**	26,978	**16,054**	15,504	**12,190**	12,032	**245**	1,805	**63,832**	56,319
Unallocated corporate assets									**591**	2,799
Total assets									**64,423**	59,118

4 Revenue

Disaggregation of revenue

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Marine transportation Six months ended 30 June		Property holding and investment Six months ended 30 June		Investment holding Six months ended 30 June		Merchandise trading Six months ended 30 June		Total Six months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Types of goods and services:										
Merchandise trading	**–**	–	**–**	–	**–**	–	**1,792**	2,728	**1,792**	2,728
Marine transportation	**4,629**	787	**–**	–	**–**	–	**–**	–	**4,629**	787
Revenue from contracts with customers	**4,629**	787	**–**	–	**–**	–	**1,792**	2,728	**6,421**	3,515
Bareboat chartering income from a vessel	**707**	397	**–**	–	**–**	–	**–**	–	**707**	397
Rental income from an investment property	**–**	–	**–**	124	**–**	–	**–**	–	**–**	124
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")	**–**	–	**–**	–	**332**	305	**–**	–	**332**	305
Total revenue	**5,336**	1,184	**–**	124	**332**	305	**1,792**	2,728	**7,460**	4,341

5 Other gains and losses, net

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Increase in fair value of an investment property	**590**	748
Net decrease in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	**(41)**	(2,738)
Realised (loss) gain on disposal of financial assets at FVTPL *(note)*	**(5)**	315
Realised loss on disposal of debt instruments at FVTOCI	**(3)**	–
Net foreign exchange (loss) gain	**(166)**	72
	375	(1,603)

Note:

The amounts represent (loss) gain on disposals of financial assets at FVTPL calculated based on the difference between the net proceeds from disposals during the period and the acquisition costs during the current period and/or the carrying amounts of such assets recorded at last financial year end.

6 Income tax expenses

No tax is payable on the profit for the period ended 30 June 2019 and 2018 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

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

7 Profit (loss) for the period

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

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest income from banks	**(13)**	(5)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	**209**	280
– Contributions to retirement benefits scheme	**5**	7
Total employee benefits expenses	**214**	287
Cost of inventories recognised as expenses	**1,775**	2,695
Marine crew expenses	**866**	295
Depreciation of property, plant and equipment	**509**	226

8 Dividend

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2018: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9 Earnings (loss) per share

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

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company	**269**	(1,909)

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period	**548,852**	457,377

For the periods ended 30 June 2019 and 2018, no diluted earnings (loss) per share is presented as there were no dilutive potential ordinary shares outstanding during both periods.

10 Property, plant and equipment

During the six months ended 30 June 2019, addition of property, plant and equipment amounted to US$10,898,000 which represents acquisition of the Vessel (as defined in note 11) (six months ended 30 June 2018: nil).

11 Deposit paid for an acquisition

On 16 November 2018 and 16 January 2019, Peak Prospect Global Limited ("**Peak Prospect**"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "**S&P Agreement**") and a supplemental agreement (collectively the "**Agreement**") respectively with Mr. Suen Cho Hung, Paul, a substantial shareholder of the Company (the "**Vendor**"), as vendor and Peak Prospect as purchaser, for the acquisition of the entire issued share capital of and the shareholder's loan to Polyworld Marine Corp. ("**Polyworld**") for a maximum aggregate consideration of US$11,500,000 (the "**Acquisition**"). The principal purpose of entering into the Agreement was to facilitate the acquisition of a vessel formerly named MV Grand Pioneer (now known as MV Polyworld) (the "**Vessel**"), accordingly, on 16 November 2018 prior to the signing of the S&P Agreement, the Vendor procured Polyworld to enter into a memorandum of agreement for the acquisition of the Vessel, with the intention of transferring the Vessel to the Group through the sale of Polyworld to the Group.

At 31 December 2018, a deposit of US$1,088,000 was paid to the Vendor for the Acquisition, and the balance of the maximum consideration of US$10,412,000 was disclosed as a capital commitment of the Group at the prior year end. The acquisition of Polyworld was completed on 20 February 2019. Details of the Acquisition were disclosed in the Company's circular dated 29 January 2019. The total cost for acquisition of the Vessel was US$10,898,000 and was included as an addition of property, plant and equipment for the current period as set out in note 10.

12 Trade receivables

The credit period for customers of time charter are 30 days (31 December 2018: 30 days). The Group normally allows credit period for customers of merchandise trading ranging from 0 days to 60 days (31 December 2018: 0 days to 60 days). An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	At 30 June 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 90 days	**467**	441

13 Trade payables

The following is an aged analysis of trade payables presented based on the invoice date:

	At 30 June 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
61 to 90 days	**32**	363

14 Borrowings

During the six months ended 30 June 2019, the Group raised three new loans in an aggregate amount of US$11,369,000 (six months ended 30 June 2018: nil).

During the current period, the Group raised one new loan from a bank with principal amount of US$5,600,000, the loan is secured by the Vessel MV Polyworld, it carries interest at London Interbank Offered Rate ("**LIBOR**") plus certain basis points and is repayable by quarterly instalments over five years.

In addition, during the current period, the Group raised a new revolving loan from a bank with principal amount of US$3,846,000, the loan is secured by an investment property held by the Group, it carries interest at Hong Kong Interbank Offered Rate ("**HIBOR**") plus certain basis points and is repayable on demand.

Furthermore, during the current period, the Group raised a new loan from a licensed money lender, which was a related party of the Company, amounting to US$1,923,000. The loan carried interest at 10% per annum and was fully repaid during the current period.

During the six month ended 30 June 2019, the Group repaid loans totalling US$6,547,000 (six months ended 30 June 2018: US$1,345,000). At 30 June 2019, the bank loans are carrying interest at LIBOR or HIBOR plus certain basis points. The outstanding bank loans at 30 June 2019 are repayable within one to five years (31 December 2018: repayable within one to four years).

The borrowings at 30 June 2019 and 31 December 2018 were secured 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., Heroic Marine Corp. and Polyworld Marine Corp., named "MV Zorina", "MV Heroic" and "MV Polyworld" respectively (31 December 2018: first preferred mortgage over the vessels "MV Zorina" and "MV Heroic";

(iii) assignment of insurance proceeds in respect of vessels MV Zorina, MV Heroic and MV Polyworld (31 December 2018: assignment of insurance proceeds in respect of vessels MV Zorina and MV Heroic); and

(iv) first preferred mortgage over an investment property held by Courage Marine Property Investment Limited, a subsidiary of the Company (31 December 2018: nil).

The Group has no history of default for repayment of the borrowings.

15 Pledge of assets

At 30 June 2019, three vessels with an aggregate carrying amount of US$33,848,000 (including dry-docking) and an investment property with carrying amount of US$11,013,000 were pledged to banks as security for the loan facilities granted to the Group.

At 31 December 2018, two vessels with an aggregate carrying amount of US$23,459,000 (including dry-docking) were pledged to banks as security for the loan facilities granted to the Group.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

BUSINESS REVIEW

During the six months ended 30 June 2019, the Group continued to principally engage in the businesses of marine transportation, property holding and investment, investment holding and merchandise trading.

The Group has achieved encouraging results for the current period by posting a profit attributable to owners of the Company of US$269,000, in contrast to the loss of US$1,909,000 recorded in the prior period, and booked basic earnings per share of US0.05 cent (30 June 2018: loss of US0.42 cent). Moreover, the Group's revenue grew by 72% to US$7,460,000 (30 June 2018: US$4,341,000) that was largely attributed to the increase in revenue generated by the marine transportation business.

Marine transportation

During the first half of 2019, the Group's marine transportation business reported significant progress in operating results by recording a 351% growth in revenue to US$5,336,000 (30 June 2018: US$1,184,000) and a 354% increase in profit to US$913,000 (30 June 2018: US$201,000). The substantial increases in revenue and profit of the operation were the combined results of (i) the commencement of the charter-in and charter-out vessel ("**CICOV**") business since June 2018; (ii) the acquisition of a Supramax dry bulk carrier with carrying capacity of approximately 57,000 dead weight tonnage ("**dwt**") completed in February 2019 (the vessel is now named "MV Polyworld"); and (iii) the increase in charter rates of the Group's self-owned vessels, resulting mainly from the improved market conditions of vessel chartering business compared with the prior period.

As a measure to expand the scope and operations of the marine transportation business, the Group has commenced its CICOV business in June 2018. At the period end, the Group had one charter-in Panamax size vessel with carrying capacity of approximately 82,000 dwt. The principal purpose of commencing the CICOV business is to provide more options to customers in terms of mode of chartering i.e. voyage or time charter and duration of chartering period. The commencement of the CICOV business has expanded the revenue base of the Group's marine transportation business and its scale of operation.

In February 2019, the Group completed the acquisition of MV Polyworld and has increased the carrying capacity of its dry bulk fleet to approximately 253,000 dwt, of which approximately 68% is from its self-owned vessels and the remaining 32% from the charter-in vessel. The acquisition of MV Polyworld is in line with the Group's corporate development strategy of expanding the scale of its marine transportation business.

Against the backdrop of the trade disputes between the United States and China, the Baltic Dry Index ("**BDI**") was rather volatile during the current period by hitting its low of below 600 points in February 2019, reaching its peak of over 1,300 points in June 2019, and was hovering between 600 to 1,000 points level throughout a large part of the period. In fact, the heightened tensions in settlement negotiations between the two countries in recent months have increased the volatility of BDI, it is thus possible that the future results of the Group's marine transportation business may to a certain extent be adversely affected by the year-long United States-China trade disputes. Nevertheless, the Group is cautiously optimistic about the prospect of this business in the medium to long-term in light of the expected continuing growth of the world economy and international trade flow.

Property holding and investment

For the period under review, the property holding and investment business reported a profit of US$504,000 (30 June 2018: US$868,000) which mainly comprised the revaluation gain of an investment property held by the Group. The investment property is an office unit in Shun Tak Centre, Sheung Wan, Hong Kong, it was valued at US$11,013,000 at the period end (31 December 2018: US$10,490,000) and resulted in a revaluation gain of US$590,000 (30 June 2018: US$748,000) being recognised for the period. The business did not record any revenue during the current period (30 June 2018: US$124,000) as the property was temporarily vacant owing to early termination of tenancy. The new lease of the property will commence in September 2019 for a term of 2 years.

Investment holding

The Group's investment holding business generated a revenue of US$332,000 (30 June 2018: US$305,000) and recorded a profit of US$281,000 (30 June 2018: loss of US$2,125,000) for the first half of 2019. The revenue of the business comprised interest income from corporate bonds held by the Group.

During the current period, the Group continued to invest in listed equity securities and corporate bonds. The corporate bonds acquired by the Group were issued by property and aircraft leasing companies listed on the Hong Kong Stock Exchange with a yield to maturity upon acquisition of these bonds ranging from approximately 4.68% to 14.41% per annum. For listed equity securities, the Group's investment strategy is to target for stocks with good value appreciation potential whether in short, medium or long term and/or good dividend yield. For corporate bonds, the Group is to target for bonds with good interest yield and low default risk. For making investment decisions on securities or bonds of individual target company, references will usually be made to its announcements, news, latest financial information, dividend policy and business prospect.

At the period end, the Group's investments classified as "financial assets at FVTPL" of US$2,276,000 (31 December 2018: US$2,596,000) represented a portfolio of listed equity securities held for non-long term purpose, whereas the Group's investments classified as "debt instruments at FVTOCI", comprising current and non-current portion totalling US$9,380,000 (31 December 2018: US$8,829,000), represented a portfolio of corporate bonds held.

For the current period, the revenue of this business comprised interest income from corporate bonds, whereas the profit of this business represented mainly interest income from corporate bonds of US$332,000 (30 June 2018: US$305,000) and unrealised loss on listed equity securities held at period end of US$41,000 (30 June 2018: US$2,738,000). During the period, the Group disposed of part of its equity securities investments and recorded realised loss of US$5,000 (30 June 2018: realised gain of US$315,000).

For the period under review, a net increase in fair value of the Group's debt instruments at FVTOCI of US$543,000 (30 June 2018: net decrease of US$871,000) was recognised as other comprehensive income. There were no material fundamental changes in the financial parameters of these debt instruments, the net increase in fair value of these debts was primarily due to the expected interest rate cut in general during the first half of 2019 which drove up the market value of these debts.

Merchandise trading

The Group continued with its merchandise trading business which focusing on trading of consumable goods relating to infant and personal care products as well as electronic components during the review period. The business generated revenue of US$1,792,000 (30 June 2018: US$2,728,000), decreased by 34%, and posted an operating profit of US$17,000 (30 June 2018: US$36,000), decreased by 53%. The declines in both revenue and profit of the business were to a certain extent due to the trade disputes between the United States and China which caused a slowdown of the electronics industry in general.

Share of result of a joint venture

During the first half of 2019, the Group shared the loss of a joint venture amounting to US$11,000 (30 June 2018: US$2,000) which mainly related to the decrease in fair value of an industrial property in Shanghai, China held by the joint venture, the property is vacant at present and is intended for leasing. At 30 June 2019, the carrying value of the investment in the joint venture was US$4,334,000 (31 December 2018: US$4,337,000).

OVERALL RESULTS

For the review period, the Group recorded a profit attributable to owners of the Company of US$269,000 (30 June 2018: loss of US$1,909,000) and total comprehensive income attributable to owners of the Company of US$835,000 (30 June 2018: total comprehensive expense of US$2,857,000). The turnaround of the Group's results was mainly attributed to (i) the substantial increase in profit to US$913,000 achieved by the marine transportation business over the same of US$201,000 recorded in the prior period; and (ii) the profitable results of US$281,000 posted by the investment holding business compared with the loss of US$2,125,000 recorded in the previous period.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During the six months ended 30 June 2019, the Group financed its operation mainly by cash generated from operations, credit facilities provided by banks and shareholders' funds. At 30 June 2019, the Group had current assets of US$6,348,000 (31 December 2018: US$10,914,000) and liquid assets comprising bank balances and cash, time deposit and investment in listed equity securities totalling US$3,666,000 (31 December 2018: US$7,380,000). The Group's current ratio, calculated based on current assets over current liabilities of US$5,815,000 (31 December 2018: US$10,956,000), was at a ratio of about 1.09 at the period end (31 December 2018: 1.00). During the current period, the Group successfully renewed a loan facility of US$7,000,000 with a bank for five years, as the outstanding amount of this loan was previously classified as current liabilities at the prior year end, the Group's current ratio at 30 June 2019 had improved accordingly. At 30 June 2019, the equity attributable to owners of the Company amounted to US$43,919,000 (31 December 2018: US$43,084,000), increased by US$835,000 or 2% compared to the prior year end that was largely attributed to the profit earned by the Group during the current period as well as the increase in fair value of the Group's debt instruments at FVTOCI.

At the period end, the Group's borrowings represented loans from banks mainly for financing the holdings of vessels and investment property. During the current period, the Group successfully renewed a loan facility of US$7,000,000 for five years and raised new loans in the aggregate amount of US$11,369,000 for financing the acquisition of MV Polyworld. During the current period, the Group repaid loans totalling US$6,547,000. At 30 June 2019, the bank borrowings were denominated in United States dollars or Hong Kong dollars, bore interest at floating rates, and were secured by the three vessels and an investment property owned by the Group. The following is an analysis of the Group's bank borrowings and maturity profile:

	At **30 June** **2019** ***US$'000***	At 31 December 2018 *US$'000*
Secured bank loans	**19,239**	14,417
Carrying amount repayable*:		
On demand	**1,282**	–
Within one year	**3,268**	9,339
More than one year, but not exceeding two years	**3,268**	1,146
More than two years, but not exceeding five years	**11,421**	3,932
	19,239	14,417

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

The Group's finance costs of US$636,000 for the period represented mainly interests for the bank borrowings, finance costs increased by 59% (30 June 2018: US$401,000) was largely a result of the new loans raised during the current period for financing the acquisition of MV Polyworld as well as the increase in interest rate charged for floating-rate bank borrowings compared to the prior period.

The Group's gearing ratio, calculated on the basis of total bank borrowings of US$19,239,000 (31 December 2018: US$14,417,000) divided by total equity of US$43,919,000 (31 December 2018: US$43,084,000), was at a ratio of about 44% at the period end (31 December 2018: 33%).

With the amount of liquid assets on hand as well as the credit facilities granted by banks, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement.

PROSPECTS

Upon completion of the acquisition of MV Polyworld, the Group has significantly increased the carrying capacity of its dry bulk fleet which is in line with the Group's corporate development strategy to expand the scale of its marine transportation business.

The market conditions of vessel chartering business have become increasingly volatile in recent months owing to the heightened tensions of trade disputes between the United States and China, nevertheless, the Group remains cautiously optimistic about the prospect of this business in the medium to long-term in light of the expected continuing growth of the world economy and international trade flow. Subject to the development and outcome of the settlement negotiations between the United States and China, the Group intends to acquire another dry bulk vessel in order to further expand the carrying capacity of its fleet and/or to reorganise the composition of its fleet structure to promote operating efficiency and profitability.

Looking forward, the management will keep up their efforts to further improve the business and financial performance of the Group and will continue to seize investment/business opportunities with attractive returns aiming to create value for shareholders. The management will focus on investment/business opportunities linking with the "One Belt, One Road" and "Greater Bay Area" initiatives strongly promulgated by the Chinese Government, which carry enormous business potential in the medium to long-term.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Hong Kong Listing Rules for the six months ended 30 June 2019 except for the following deviation with reasons as explained:

Code Provision A.5.5(2)

Code provision A.5.5(2) of the CG Code stipulates that where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the board believes the individual would still be able to devote sufficient time to the board if the proposed independent non-executive director will be holding his seventh (or more) listed company directorship.

Deviation

During the six months ended 30 June 2019, there has been a deviation from the code provision A.5.5 (2) in respect of a disclosure (or the lack therein) in the circular to shareholders accompanying the notice of the annual general meeting of the Company held on 20 June 2019 (the "**AGM**") regarding reasons that the Board believes Mr. To Yan Ming, Edmond ("**Mr. To**"), an Independent Non-executive Director who is subject to re-election at the AGM, would still be able to devote sufficient time to the Board as he will be holding more than seven listed company directorship after re-election at the AGM. The Board has considered its reasons including that Mr. To has been providing valuable independent advice to the Board, his attendance at Board meetings and annual general meetings of the Company has been satisfactory and his directorships with other listed companies are non-executive in nature. The Board did not disclose its reasons in the circular as Mr. To is not a new director of the Company and his various external directorships is something that the Board has been aware of for many years. The existences of these external directorships have been disclosed to the shareholders in annual reports of the Company and in each circular relating to the re-election of Mr. To, together with a positive voting recommendation from the Board. The Board therefore did not consider that it was necessary to state its reasons for repeated re-election of the same director in the circular to shareholders and/explanatory statement accompanying the AGM notice. However, for the purpose of good corporate governance, the Board will disclose such information in future re-election of Mr. To.

AUDIT COMMITTEE

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2019 have not been audited, but have been reviewed by the Audit Committee of the Company and have been duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 22 August 2019

As at the date of this announcement, the Board comprises one Non-executive Director, namely Mr. Sue Ka Lok (Chairman); one Executive Director, namely Ms. Wang Yu; and three Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. To Yan Ming, Edmond and Mr. Pau Shiu Ming.