INTERIM REPORT 2018

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)

Contents

Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

"BDI"	Baltic Dry Index
"Board"	Board of Directors of the Company
"Company"	Courage Investment Group Limited
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shareholders"	shareholders of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$" and "US cents"	United States dollars and cents, the lawful currency of the United States of America
"%"	per cent.

The Chinese version of this interim report is a translation of the English version and is for reference only. In case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

Corporate Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. To Yan Ming, Edmond *(Chairman)*
Mr. Zhou Qijin
Mr. Pau Shiu Ming

REMUNERATION COMMITTEE

Mr. Pau Shiu Ming *(Chairman)*
Mr. Zhou Qijin
Mr. To Yan Ming, Edmond

NOMINATION COMMITTEE

Mr. Zhou Qijin *(Chairman)*
Mr. To Yan Ming, Edmond
Mr. Pau Shiu Ming
Mr. Sue Ka Lok

JOINT COMPANY SECRETARY

Ms. Lee Pih Peng
Mr. Hon Kwok Ping Lawrence

TRADING OF SHARES

Hong Kong Stock Exchange
(Stock Code: 1145)
Singapore Exchange
(Stock Code: CIN)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKER

Bank of Communications Co., Ltd., Hong Kong Branch
Hang Seng Bank Limited
Credit Suisse AG

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

SINGAPORE BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Unit Trust/Share Registration
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

WEBSITE

www.courageinv.com

BUSINESS REVIEW

During the six months ended 30 June 2018, the Group continued to principally engage in the business of marine transportation services, property holding and investment, investment holding and merchandise trading.

The Group achieved a 29% growth in revenue for the review period by reporting US$4,341,000 (30 June 2017: US$3,364,000) which was mainly due to the increase in revenue of the Group's marine transportation services and merchandise trading businesses.

Marine transportation services

During the first half of 2018, the Group's marine transportation business generated a revenue of US$1,184,000, which showed an increase of 40% from the prior period (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 in the prior period. The increase in revenue that coupled with the turnaround of the results was mainly due to the increase in charter rates of the operation's self-owned vessel during the review period, resulting mainly from the improved market conditions of vessel chartering business, as well as the commencement of the charter-in and charter-out vessel ("CICOV") business. As a measure to expand the scope and operations of the marine transportation business, the Group has commenced its CICOV business in late June 2018 by chartering-in three Panamax size vessels with a view of providing more options to customers in terms of mode of chartering i.e. voyage or time charter and duration of chartering period. The management anticipates that the CICOV business would contribute positively to the overall financial performance of the Group's marine transportation business and expand its scale of operation. Based on time chartering contracts on hand, it is expected that the utilisation rate of the Group's self-owned vessels will be over 90% in year 2018. The outlook for market conditions of vessel chartering has become more positive commencing from the second half of 2017 as indicated by the rise of BDI, which has a close correlation to freight rate, from 822 points in July 2017 to over 1,400 points in June 2018, and has been hovering over 1,600 points level since July 2018. Nevertheless, the market conditions have become rather volatile lately owing to the trade wars between the United States and China and other countries/economic group, subject to the developments and outcomes of these trade wars, the Group is contemplating to expand its marine transportation services business through acquisition of an additional dry-bulk vessel, further announcement will be made by the Company in due course if such acquisition materialized.

Property holding and investment

The property holding and investment business continued to deliver a profitable results of US$868,000 (30 June 2017: US$1,373,000) and contributed a revenue of US$124,000 (30 June 2017: US$668,000) to the Group for the first half of 2018. The Group has leased out its investment property being an office unit in Shun Tak Centre, Sheung Wan, Hong Kong and generated rental income of US$124,000 (30 June 2017: US$116,000) for the period under review. The investment property was valued at US$9,806,000 (31 December 2017: US$9,058,000) at the period end and a revaluation gain of US$748,000 (30 June 2017: US$645,000) was recognised for the first half year. The decrease in revenue and operating profit of this business was mainly due to the absence of profit distribution of US$552,000 from the residential property development project in Singapore which the Group held a 10% interest, as the project had been completed, no further profit distribution was received in the current period.

Investment holding

The Group's investment holding business contributed a revenue of US$305,000 (30 June 2017: US$142,000) and incurred a loss of US$2,125,000 (30 June 2017: US$632,000) in the first half of 2018. During the current period, the Group continued to invest in listed equity securities and corporate bonds. The corporate bonds held by the Group were issued by property and aircraft leasing companies listed on the Hong Kong Stock Exchange with yield to maturity upon acquisition of these bonds ranging from approximately 4.68% to 8.75% 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 decision 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 fair value through profit or loss ("FVTPL")" of US$5,334,000 (31 December 2017: US$8,067,000) represented a portfolio of listed equity securities held for non-long term purpose, and the Group's investments classified as "debt instruments at fair value through other comprehensive income ("FVTOCI")" of US$8,589,000 (31 December 2017: US$9,660,000) represented a portfolio of corporate bonds held for long term purpose (these investments were previously classified as available-for-sale ("AFS") investments in the prior period).

For the period under review, the revenue of this business comprised interest income from corporate bonds, whereas the loss of this business represented mainly unrealised loss on listed equity securities held at the period end of US$2,738,000 (30 June 2017: US$791,000), after offsetting against realised gain on disposal of listed equity securities of US$315,000 (30 June 2017: nil). The unrealised loss recorded for the current period was mainly a reversal of the unrealised gains recognised on a major investment of the Group in the prior financial year. On a historical cost basis, the unrealised loss on the portfolio was US$210,000 as referred to in Table A below.

During the review period, a net decrease in fair value of the Group's debt instruments at FVTOCI of US$871,000 (30 June 2017: net decrease in fair value of AFS investments of US$159,000) was recognised as other comprehensive expenses. There were no material fundamental changes in the financial parameters of these debt instruments, the net decrease in fair value of these debts was primarily due to the general rise in market interest rates in the first half of 2018 which drove down the market value of these debts.

A summary of the Group's major investments classified as financial assets at FVTPL, together with other information, is as below:

Table A

Company name/ principal activities	Approximate weighting to the market/ fair value of the Group's financial assets at FVTPL portfolio %	Approximate weighting to total assets of the Group as at 30 June 2018 %	% of shareholder interest %	Acquisition costs *US$'000* A	*Acquisition costs during the period/ carrying amount as at 1 January 2018 *US$'000* B	Market/fair value as at 30 June 2018 *US$'000* C	Accumulated unrealised gain (loss) recognised up to 30 June 2018 *US$'000* D = C – A	Unrealised loss recognised during the period ended 30 June 2018 *US$'000* E = C – B	# Investee company's financial performance	# Future prospects of the investee company
Larry Jewery International Company Limited (stock code: 8351) Jewelry and pharmaceutical business	43.6%	4.4%	1.96%	2,184	4,473	2,328	144	(2,145)	For the six months ended 30 June 2018, revenue decreased by 8% to HK$191,236,000 and loss for the period increased by 16% to HK$41,066,000 as compared to the same period in 2017.	For its jewelry business, the investee company will explore opportunities to broaden the geographic base of customers to markets outside Hong Kong and Singapore and increase its visibility across South East Asian countries. For the pharmaceutical business, the investee company shall review its sales network and customer focus and to introduce more locally made products to suit the needs of domestic market.
Get Nice Holdings Limited (stock code: 64) Broking and securities margin financing, money lending, corporate finance and investments	40.6%	4.1%	0.62%	2,013	2,323	2,168	155	(155)	For the year ended 31 March 2018, revenue increased by 14% to HK$584,840,000 and profit for the year decreased by 10% to HK$373,000,000 as compared to the prior financial year.	The investee company will keep seeking quality and upscale investment properties in both Asia and Europe, and also investment in securities with good potential, to enhance its investment portfolio which continues to provide a source of steady rental income and investment gains.

Company name/ principal activities	Approximate weighting to the market/ fair value of the Group's financial assets at FVTPL portfolio %	Approximate weighting to total assets of the Group as at 30 June 2018 %	% of shareholder interest %	Acquisition costs *US$'000* A	*Acquisition costs during the period/ carrying amount as at 1 January 2018 *US$'000* B	Market/fair value as at 30 June 2018 *US$'000* C	Accumulated unrealised gain (loss) recognised up to 30 June 2018 *US$'000* D = C – A	Unrealised loss recognised during the period ended 30 June 2018 *US$'000* E = C – B	# Investee company's financial performance	# Future prospects of the investee company
South Shore Holdings Limited (stock code: 577) Hospitality, entertainment and construction	10.2%	1.0%	0.59%	835	835	542	(293)	(293)	For the year ended 31 March 2018, revenue increased by 11% to HK$6,800 million and loss for the year increased by over 38 times to HK$1,570 million as compared to the prior financial year.	For its hotel development business, the investee company has built an exclusive luxury hotel and entertainment complex on a site of some 65,000 square feet located on the Cotai Strip of Macau (the "Hotel"). On 17 August 2018, the investee company obtained all the required licenses for the operation of the Hotel and the Hotel has been opened on 31 August 2018. For its engineering business, on 28 June 2017, the investee company agreed to sell its indirect interests of 51.76% in Paul Y. Engineering Group for a consideration of HK$300 million. Such disposal was approved by the investee company's shareholders in a special general meeting held on 8 May 2018.
Others N/A	5.6%	0.6%	N/A	512	441	296	(216)	(145)	N/A	N/A
	100.0%	10.1%		5,544	8,072	5,334	(210)	(2,738)		

* The amount represented the costs of the securities acquired during the six months ended 30 June 2018 and/or the carrying amount of the securities brought forward from the prior financial year after accounting for additional acquisition and/or disposal of the securities (if any) during the current financial period.

Extracted from published financial information or announcements of the investee companies.

A summary of the Group's major investments classified as debt instruments at FVTOCI, together with other information, is as below:

Table B

Issuer	Principal activities of issuer	Approximate weighting to the market/ fair value of the Group's debt instruments at FVTOCI portfolio %	Approximate weighting to total assets of the Group as at 30 June 2018 %	Yield to maturity upon acquisition %	Acquisition costs US$'000 A	*Acquisition costs during the period/ carrying amount as at 1 January 2018 US$'000 B	Redemption during the period ended 30 June 2018 US$'000 C	Market/fair value as at 30 June 2018 US$'000 D	Accumulated fair value loss recognised up to 30 June 2018 US$'000 E = D - (A+C)	Fair value loss recognised during the period ended 30 June 2018 US$'000 F = D - (B+C)
China Evergrande Group	Property related business	36.2%	5.9%	8.22 – 8.75	3,401	3,548	–	3,113	(288)	(435)
Pacific Century Premium Development Limited	Property related business	22.6%	3.7%	4.68	2,006	2,036	–	1,945	(61)	(91)
Logan Property Holdings Company Limited	Property related business	20.0%	3.2%	5.48	1,978	1,899	–	1,715	(263)	(184)
China Aircraft Leasing Group Holdings Limited	Airline leasing	10.4%	1.7%	5.09	983	976	–	892	(91)	(84)
Others	N/A	10.8%	1.7%	5.09 – 5.50	1,229	1,201	(200)	924	(105)	(77)
		100.0%	16.2%		9,597	9,660	(200)	8,589	(808)	(871)

Merchandise trading

The Group continued to develop 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 a revenue of US$2,728,000 (30 June 2017: US$1,709,000), increased by 60%, and registered a turnaround of its results by reporting an operating profit of US$36,000 in contrast to the loss of US$71,000 recorded in the prior period. The sharp rise of the operation's revenue was mainly due to the increase of its trade volume and the expanded range of goods traded.

Share of results of a joint venture

During the first half of 2018, the Group shared the loss of a joint venture amounting to US$2,000 (30 June 2017: US$536,000). The share of loss in the prior period was 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. The carrying value of the investment in the joint venture was US$4,406,000 at the period end (31 December 2017: US$4,485,000).

Overall results

As a whole, the Group's loss for the period attributable to owners of the Company amounted to US$1,909,000 (30 June 2017: US$983,000). The increase in loss was mainly due to the unrealised loss on listed equity securities held at the period end of US$2,738,000 (which was mainly a reversal of the unrealised gains of US$2,489,000 recorded for the year ended 31 December 2017) as compared with the comparable unrealised loss of approximately US$791,000 recorded for the six months ended 30 June 2017, despite the profitable results recorded by the three other business segments of the Group, namely marine transportation services, property holding and investment and merchandise trading businesses. Basic loss per share for the period was US0.42 cent (30 June 2017: US0.22 cent).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During the six months ended 30 June 2018, the Group financed its operation mainly by credit facilities provided by banks and shareholders' funds. At 30 June 2018, the Group had current assets of US$10,926,000 (31 December 2017: US$14,130,000) and liquid assets comprising bank balances and cash, time deposit and investment in listed equity securities totalling US$7,895,000 (31 December 2017: US$11,311,000). The Group's current ratio, calculated based on current assets over current liabilities of US$12,450,000 (31 December 2017: US$5,964,000), was at a ratio of about 0.88 at period end (31 December 2017: 2.37), such decrease in current ratio was mainly due to the maturity of the bank loan secured by MV Heroic in June 2019 which caused the whole amount of the loan was classified as current liabilities at 30 June 2018, the Group is currently in negotiation with the bank for renewal of the loan facility. At 30 June 2018, the equity attributable to owners of the Company amounted to US$34,900,000 (31 December 2017: US$37,757,000), decreased by US$2,857,000 or 8% as compared to the prior year end and was mainly due to the loss incurred by the Group during the current period.

At the period end, the Group's borrowings represented loans from banks for financing the acquisition of vessels. The bank borrowings were denominated in United States dollars, bore interest at floating rates, and secured by the relevant vessels. The following is an analysis of the Group's bank borrowings and maturity profile:

	As at 30 June 2018 ***US$'000***	As at 31 December 2017 *US$'000*
Secured bank loans	**15,763**	17,108
Carrying amount repayable:		
On demand	**873**	1,425
Within one year	**9,238**	2,691
More than one year, but not exceeding two years	**1,146**	7,914
More than two years, but not exceeding five years	**4,506**	5,078
	15,763	17,108

The Group's finance costs of US$401,000 for the period represented mainly interests for the above bank borrowings, finance costs increased by 5% compared to the prior period (30 June 2017: US$382,000) was mainly a result of the increase in interest rates during the review period.

The Group's gearing ratio, calculated on the basis of total bank borrowings of US$15,763,000 (31 December 2017: US$17,108,000) divided by total equity of US$34,900,000 (31 December 2017: US$37,757,000), was at a ratio of about 45% at the period end (31 December 2017: 45%).

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

Use of proceeds from shares placement

In January 2017, the Company completed the placing of 25,400,000 new shares to independent investors at the price of HK$3.82 per share (the "2017 Placing"). The proceeds from the 2017 Placing after deducting for incidental expenses including placing commission amounted to US$12,207,000 and had been used as intended as general working capital of the Group and for funding of attractive business/investment opportunities. Up to 31 December 2017, the proceeds had been mainly applied by the Group as to (i) approximately US$7,200,000 for the purchase of corporate bonds listed on the Hong Kong Stock Exchange or SGX-ST issued by property and aircraft leasing companies (included in Table B above) which were classified as "debt instruments at FVTOCI" (previously classified as "AFS investments"); (ii) approximately US$3,100,000 for the purchase of listed equity securities of companies listed on the Hong Kong Stock Exchange (included in Table A above) which were classified as "financial assets at FVTPL"; (iii) approximately US$1,500,000 had been applied by the Group's merchandise trading business as working capital; and (iv) with the remaining balance for general corporate and administrative purposes.

Placing of new shares

In August 2018, the Company completed the placing of 91,475,000 new shares to independent investors at the price of HK$0.473 per share. The net proceeds from the placing amounted to US$5,428,000. The Company intends to use (i) approximately 80% of the net proceeds as general working capital for the Group's marine transportation services business and (ii) the remaining 20% as general working capital for the Group's other businesses. The Group is currently contemplating to expand its marine transportation services business through acquisition of an additional vessel, if such acquisition materialized, the 80% net proceeds allocated to this business as general working capital will be re-designated for funding such acquisition.

Foreign currency management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in United States dollars and Hong Kong dollars. During the period under review, the Group had not experienced any significant exposure to exchange rate fluctuations, as such, the Group had not entered into any financial arrangements for hedging purposes. Appropriate measures will be undertaken by the Group should exchange rate fluctuations become significant.

Pledge of assets

At 30 June 2018, the two vessels held by the Group, namely MV Zorina and MV Heroic, with carrying amount totalling US$19,274,000 (31 December 2017: US$19,500,000) were pledged to banks to secure loan facilities granted to the Group.

Contingent liabilities

At 30 June 2018, the Group had no significant contingent liability (31 December 2017: nil).

Capital commitments

At 30 June 2018, the Group had no significant capital commitments (31 December 2017: nil).

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2018, the Group had 14 (31 December 2017: 14) employees including directors of the Company. During the current interim period, the Group continued to engage a crew agency to provide crew services for one of the Group's vessels. For the period under review, staff costs (including directors' emoluments) amounted to US$287,000 (30 June 2017: US$294,000). The remuneration packages for directors and staff are normally reviewed annually and are structured by reference to prevailing market terms and individual competence, performance and experience. The Group operates a Mandatory Provident Fund Scheme for employees in Hong Kong. In addition, the Group provides other employee benefits including medical insurance, subsidised training programme as well as discretionary bonus.

PROSPECTS

The outlook of vessel chartering business has become more positive commencing from the second half of 2017 as indicated by the rise of BDI from 822 points in July 2017 to over 1,600 points level since July 2018, the Group is therefore able to negotiate with existing/potential charterers for better charter rates which will lead to improved financial performance for the marine transportation services business.

Subject to the developments and outcomes of trade wars between the United States and China and other countries/economic group, the Group also intends to acquire an additional dry-bulk vessel in order to expand the carrying capacity and accordingly the scale of operation of the marine transportation business.

Looking forward, the management will keep up their efforts in managing the businesses of the 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Notes	Six months ended 30 June **2018** ***US$'000*** **(Unaudited)**	 2017 *US$'000* (Unaudited)
Revenue	*5*	**4,341**	3,364
Cost of goods sold and direct expenses		**(3,662)**	(2,735)
Other income		**7**	53
Other gains and losses, net	*6*	**(1,603)**	(59)
Administrative expenses		**(589)**	(688)
Share of result of a joint venture		**(2)**	(536)
Finance costs		**(401)**	(382)
Loss for the period attributable to owners of the Company	*8*	**(1,909)**	(983)
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**(77)**	108
Net decrease in fair value of debt instruments at fair value through other comprehensive income		**(871)**	–
Net decrease in fair value of available-for-sale investments		**–**	(159)
Other comprehensive expense for the period		**(948)**	(51)
Total comprehensive expense for the period attributable to owners of the Company		**(2,857)**	(1,034)
Loss per share attributable to owners of the Company (US cent)	*10*		
Basic		**(0.42)**	(0.22)

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	As at 30 June 2018 US$'000 (Unaudited)	As at 31 December 2017 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**19,275**	19,501
Investment property	12	**9,806**	9,058
Interest in a joint venture		**4,406**	4,485
Debt instruments at fair value through other comprehensive income	13	**8,589**	–
Available-for-sale investments		**–**	9,539
		42,076	42,583
Current assets			
Inventories		**523**	521
Available-for-sale investments		**–**	200
Trade receivables	14	**360**	513
Other receivables and prepayments		**1,479**	916
Amount due from a joint venture		**669**	669
Financial assets at fair value through profit or loss	15	**5,334**	8,067
Time deposit		**500**	500
Cash and cash equivalents		**2,061**	2,744
		10,926	14,130
Total assets		**53,002**	56,713
Current liabilities			
Trade payables	16	**898**	556
Deposits received, other payables and accruals		**1,441**	1,292
Borrowings – due within one year	17	**10,111**	4,116
		12,450	5,964
Capital and reserves			
Share capital	18	**27,443**	27,443
Reserves		**7,457**	10,314
Total equity		**34,900**	37,757
Non-current liabilities			
Borrowings – due more than one year	17	**5,652**	12,992
Total liabilities and equity		**53,002**	56,713
Net current (liabilities) assets		**(1,524)**	8,166
Total assets less current liabilities		**40,552**	50,749

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the Company						
	Share capital US$'000	Share premium US$'000	Investment revaluation reserve US$'000	Other reserve US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2017 (audited)	22,871	34,872	–	1,531	(54)	(43,917)	15,303
Loss for the period	–	–	–	–	–	(983)	(983)
Net decrease in fair value of available-for-sale investments	–	–	(159)	–	–	–	(159)
Exchange differences arising on translation of a foreign operation	–	–	–	–	108	–	108
Total comprehensive (expense) income for the period	–	–	(159)	–	108	(983)	(1,034)
Issue of shares *(note 18(ii))*	4,572	7,948	–	–	–	–	12,520
Transaction costs attributable to issue of shares *(note 18(ii))*	–	(313)	–	–	–	–	(313)
At 30 June 2017 (unaudited)	27,443	42,507	(159)	1,531	54	(44,900)	26,476
At 1 January 2018 (audited)	**27,443**	**42,507**	**63**	**1,531**	**245**	**(34,032)**	**37,757**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(1,909)**	**(1,909)**
Net decrease in fair value of debt instruments at fair value through other comprehensive income	**–**	**–**	**(871)**	**–**	**–**	**–**	**(871)**
Exchange differences arising on translation of a foreign operation	**–**	**–**	**–**	**–**	**(77)**	**–**	**(77)**
Total comprehensive expense for the period	**–**	**–**	**(871)**	**–**	**(77)**	**(1,909)**	**(2,857)**
At 30 June 2018 (unaudited)	**27,443**	**42,507**	**(808)**	**1,531**	**168**	**(35,941)**	**34,900**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 US$'000 (Unaudited)	2017 US$'000 (Unaudited)
Operating activities			
Loss for the period		**(1,909)**	(983)
Adjustments for:			
Interest income		**(310)**	(171)
Finance costs		**401**	382
Gain on disposal of a subsidiary	*22*	**–**	(51)
Depreciation of property, plant and equipment		**226**	160
Net decrease in fair value of financial assets at fair value through profit or loss	*6*	**2,738**	791
Increase in fair value of an investment property	*6*	**(748)**	(645)
Dividend income from an investee company	*5*	**–**	(552)
Share of result of a joint venture		**2**	536
Operating cash flows before movements in working capital		**400**	(533)
Increase in inventories		**(2)**	(376)
Decrease in trade receivables		**153**	198
Increase in other receivables and prepayments		**(563)**	(1,144)
Increase in financial assets at fair value through profit or loss		**(5)**	(3,142)
Increase in trade payables		**342**	–
Increase (decrease) in deposits received, other payables and accruals		**149**	(785)
Cash from (used in) operations		**474**	(5,782)
Interest expense paid		**(401)**	(382)
Interest income received		**310**	171
Dividend income received from an investee company		**–**	552
Net cash from (used in) operating activities		**383**	(5,441)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 US$'000 (Unaudited)	2017 US$'000 (Unaudited)
Investing activities			
Proceed from redemption of debt instruments at fair value through other comprehensive income		**200**	–
Proceed from disposal of equity instruments at fair value through other comprehensive income		**79**	–
Purchase of available-for-sale investments		**–**	(9,596)
Repayment of loan advance to an investee company		**–**	1,866
Proceed from disposal of a subsidiary	*22*	**–**	1,500
Net cash from (used in) investing activities		**279**	(6,230)
Financing activities			
Net proceeds from issue of shares	*18(ii)*	**–**	12,207
Repayment of borrowings	*17*	**(1,345)**	(1,346)
Net cash (used in) from financing activities		**(1,345)**	10,861
Net decrease in cash and cash equivalents		**(683)**	(810)
Cash and cash equivalents at the beginning of the period		**2,744**	4,544
Cash and cash equivalents at the end of the period		**2,061**	3,734

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 Hong Kong Stock Exchange and secondarily listed on the Main Board of the SGX-ST. The condensed consolidated financial statements are presented in US$, which is the functional currency of the Company, and all values are rounded to the nearest thousand (US$'000) unless otherwise indicated.

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries are (i) provision of marine transportation services, (ii) merchandise trading, (iii) property holding and investment, and (iv) investment holding.

2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as well as the applicable disclosure requirements of Appendix 16 to the Hong Kong Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property that are measured at revalued amounts or 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 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

2 PRINCIPAL ACCOUNTING POLICIES (continued)

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which result in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application of IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue mainly from the following major sources:

- Marine transportation service income
- Merchandise trading income
- Rental income from investment property
- Dividend income/interest income from investment holding

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 "Revenue" and IAS 11 "Construction Contracts" and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

IRFS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application of IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or services before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application of IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15

The directors of the Company considered that the application of IFRS 15 does not have significant impact on how it recognises revenue.

2.2 Impacts and changes in accounting policies of application of IFRS 9 Financial Instruments

In the current period, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and (iii) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

2.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application of IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments/receivables classified as at FVTOCI
Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowance are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments/receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments/receivables had been measured at amortised cost. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application of IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at the date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, debt instruments at fair value through other comprehensive income, other receivables, amount due from a joint venture and time deposit). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of that relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groups.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application of IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application of IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. The results of the assessment and the impact thereof are detailed in note 2.2.2.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application of IFRS 9 Financial Instruments (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under IFRS 9 at the date of initial application, 1 January 2018.

	Note	AFS investments US$'000	Equity instruments at FVTOCI US$'000	Debt instruments at FVTOCI US$'000
Closing balance at 31 December 2017 – IAS 39		9,739	–	–
Effect arising from initial application of IFRS 9:				
Reclassification				
From AFS investments	*(a)*	(9,739)	79	9,660
Opening balance at 1 January 2018		–	79	9,660

Notes:

(a) AFS investments

From AFS equity investments to equity instruments at FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investments of US$79,000 previously classified as AFS investments, which were the unquoted equity investments previously measured at cost less impairment under IAS 39. At the date of initial application of IFRS 9, US$79,000 were reclassified from AFS investments to equity instruments at FVTOCI, which were the unquoted equity investments previously measured at cost less impairment under IAS 39. Based on the assessment by the directors of the Company, the fair value of the unquoted equity investments as at 1 January 2018 was approximately US$79,000.

From AFS debt investments to debt instruments at FVTOCI

Listed bonds with a fair value of US$9,660,000 were reclassified from AFS investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value gains of US$63,000 continued to accumulate in the investment revaluation reserve as at 1 January 2018.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application of IFRS 9 Financial Instruments (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9 (continued)

Notes: (continued)

(b) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, the trade receivables have been grouped based on shared credit risk characteristics.

Loss allowance for other financial assets at amortised cost mainly comprise of bank deposits, bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

All of the Group's debt instruments at FVTOCI are listed bonds that had no recent default history. Therefore, these investments are considered to be low credit risk investments and the loss allowance is measured on 12m ECL basis.

Based on the assessment by the directors of the Company, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would have no significant impact as compared to the accumulated amount recognised under IAS 39.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the preparation of the Group's annual financial statements for the year ended 31 December 2017.

4 SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the executive directors 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 services

2. Merchandise trading

3. Property holding and investment

4. Investment holding

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

4 SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Marine transportation services Six months ended 30 June		Merchandise trading Six months ended 30 June		Property holding and investment Six months ended 30 June		Investment holding Six months ended 30 June		Total Six months ended 30 June	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	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	**1,184**	845	**2,728**	1,709	**124**	668	**305**	142	**4,341**	3,364
Segment results	**201**	(197)	**36**	(71)	**868**	1,373	**(2,125)**	(632)	**(1,020)**	473
Unallocated:										
Corporate income									**83**	26
Corporate expenses									**(569)**	(564)
Share of result of a joint venture									**(2)**	(536)
Finance costs									**(401)**	(382)
Loss for the period									**(1,909)**	(983)

Segment assets

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

	Marine transportation services As at		Merchandise trading As at		Property holding and investment As at		Investment holding As at		Total As at	
	30 June 2018	31 December 2017	**30 June 2018**	31 December 2017	**30 June 2018**	31 December 2017	**30 June 2018**	31 December 2017	**30 June 2018**	31 December 2017
	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	**21,217**	20,380	**861**	959	**14,889**	14,298	**14,430**	18,304	**51,397**	53,941
Unallocated corporate assets									**1,605**	2,772
Total assets									**53,002**	56,713

5 REVENUE

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Marine transportation services income:		
– Vessel voyage charter	**–**	14
– Vessel time charter	**1,184**	831
Merchandise trading income	**2,728**	1,709
Dividend income from an investee company *(note)*	**–**	552
Rental income from an investment property	**124**	116
Interest income from financial assets at FVTPL	**–**	49
Interest income from debt instruments at FVTOCI	**305**	–
Interest income from AFS investments	**–**	93
	4,341	3,364

Note:

The dividend income from an investee company represents the dividend income derived from the investment in Santarli Realty Pte. Ltd. during the period ended 30 June 2017, which was previously classified as AFS investments.

6 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Gain on disposal of a subsidiary *(note 22)*	**–**	51
Increase in fair value of an investment property	**748**	645
Net decrease in fair value of financial assets at FVTPL	**(2,738)**	(791)
Realised gain on disposals of financial assets at FVTPL *(note)*	**315**	–
Net foreign exchange gain	**72**	36
	(1,603)	(59)

Note:

The amount represents the gain on disposals of financial assets at FVTPL measured on the difference between the net proceeds from disposals during the period and the acquisition costs during the period or the carrying amounts of such assets recorded at last financial year end.

7 INCOME TAX EXPENSE

No tax is payable on the profit for the period ended 30 June 2018 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. There was no assessable profit for the period ended 30 June 2017.

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

8 LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest income from banks	**(5)**	(29)
Employee benefits expense (including directors' emoluments):		
– Salaries and other benefits	**280**	286
– Contributions to retirement benefits scheme	**7**	8
Total employee benefits expenses	**287**	294
Marine crew expenses	**295**	565
Depreciation of property, plant and equipment	**226**	160

9 DIVIDEND

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2017: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10 LOSS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company	**(1,909)**	(983)

10 LOSS PER SHARE (continued)

	Six months ended 30 June	
	2018	2017
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period *(note)*	**457,377**	450,220

Note:

The weighted average number of ordinary shares for the period ended 30 June 2017 for the purpose of calculating the basic loss per share had been adjusted to account for the effect of the share subdivision of the capital of the Company (note 18(i)) which became effective on 6 July 2017.

For the periods ended 30 June 2018 and 2017, no diluted loss per share is presented as there were no dilutive potential ordinary shares outstanding during both periods.

11 PROPERTY, PLANT AND EQUIPMENT

There was no addition of property, plant and equipment during the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

12 INVESTMENT PROPERTY

The fair value of the Group's investment property as at 30 June 2018 and 31 December 2017 had been arrived at on the basis of a valuation carried out on that date by JP Assets Consultancy Limited, an independent qualified professional valuer not connected to the Group.

The fair value was determined based on direct comparison approach by making reference to recent transactions of similar properties in similar locations and conditions under prevailing market conditions. In estimating the fair value of the property, the highest and best use of the property was its current use.

13 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Debt instruments at FVTOCI comprise:

	As at 30 June 2018 *US$'000* **(Unaudited)**	As at 31 December 2017 *US$'000* (Audited)
Listed debt securities *(note)*	**8,589**	–

Note:

The fair values of the listed debt securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange or SGX-ST.

14 TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks (31 December 2017: 2 weeks) after the issuance of invoices while other customers are requested to prepay the charter-hire income in full before discharging for voyage charter. The credit period for customers of time charter are 30 days (31 December 2017: 30 days). The Group normally allows credit period for customers of merchandise trading ranging from 30 days to 90 days (31 December 2017: 30 days to 90 days). An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	As at 30 June 2018 *US$'000* **(Unaudited)**	As at 31 December 2017 *US$'000* (Audited)
0 to 90 days	**360**	468
91 to 180 days	**–**	45
	360	513

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2018 *US$'000* (Unaudited)	As at 31 December 2017 *US$'000* (Audited)
Equity securities listed in Hong Kong *(note)*	**5,334**	8,067

Note:

The fair values of these listed equity securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

16 TRADE PAYABLES

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

	As at 30 June 2018 *US$'000* (Unaudited)	As at 31 December 2017 *US$'000* (Audited)
61 to 90 days	**898**	112
Over 90 days	**–**	444
	898	556

17 BORROWINGS

During the six month ended 30 June 2018, the Group repaid bank loans totalling US$1,345,000 (six months ended 30 June 2017: US$1,346,000). The bank loans were carrying interest at London Interbank Offered Rates plus certain basis points. The outstanding bank loans at 30 June 2018 were repayable within 1 to 4 year(s) (31 December 2017: repayable within 2 to 5 years).

The borrowings as at 30 June 2018 and 31 December 2017 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. and Heroic Marine Corp., named "MV Zorina" and "MV Heroic" respectively; and

(iii) assignment of insurance proceeds in respect of vessels MV Zorina and MV Heroic.

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

17 BORROWINGS (continued)

As at 30 June 2018 and 31 December 2017, the Group did not comply with the financial covenant in relation to the security coverage ratio as stipulated in a borrowing agreement with the relevant bank. The corresponding loan amount as at 30 June 2018 was US$8,965,000 (31 December 2017: US$9,738,000). The security coverage ratio is equal to the total of the market value of the vessel and the market value of any additional security over the outstanding loan balance. According to the relevant terms of the borrowing agreement, the Group should either provide cash deposit as additional security or repay certain portion of the outstanding loan balance amounting to US$873,000 (31 December 2017: US$1,425,000) so as to cause the security coverage ratio be maintained at the required level. The shortfall to maintain the security coverage ratio amounting to US$873,000 (31 December 2017: US$1,425,000) was considered as bank borrowings repayable on demand and included as the Group's current liabilities.

18 SHARE CAPITAL

	Number of shares *'000*	Amount *US$'000*
Authorised:		
As at 1 January 2017 (US$0.18 per share)	1,000,000	180,000
Share subdivision *(note (i))*	2,000,000	–
As at 31 December 2017 and 30 June 2018 (US$0.06 per share)	**3,000,000**	**180,000**
Issued and fully paid:		
As at 1 January 2017 (US$0.18 per share)	127,059	22,871
Issue of new shares *(note (ii))*	25,400	4,572
Share subdivision *(note (i))*	304,918	–
As at 31 December 2017 and 30 June 2018 (US$0.06 per share)	**457,377**	**27,443**

All issued ordinary shares have a par value of US$0.06 each (31 December 2017: US$0.06 each), carry one vote per share and carry the right to receive dividends as and when declared by the Company.

18 SHARE CAPITAL (continued)

Notes:

(i) On 6 July 2017, the Company implemented a share subdivision by subdividing every one existing share of the Company with par value of US$0.18 each in the share capital of the Company into three subdivided shares of the Company with par value of US$0.06 each (the "Share Subdivision"). Immediately after the Share Subdivision became effective, the authorised share capital of the Company became US$180,000,000 divided into 3,000,000,000 subdivided shares of par value of US$0.06 each, of which approximately 457,377,000 subdivided shares were in issue and were credited as fully paid.

(ii) On 18 January 2017, the Company completed a placement of 25,400,000 ordinary shares (equivalent to 76,200,000 subdivided shares) under general mandate to certain independent third parties at an issue price of HK$3.82 each (equivalent to approximately HK$1.27 per subdivided share) and recognised an increase in share capital of US$4,572,000 and share premium of US$7,635,000 (after netting off US$313,000 share issue expenses). The net proceeds from the placing were US$12,207,000. The new shares issued pursuant to the placing ranked pari passu in all respects with the then existing shares.

19 PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged two vessels of aggregate carrying amount of US$19,274,000 (31 December 2017: US$19,500,000) to banks as security for the loan facilities granted to the Group.

20 RELATED PARTY DISCLOSURES

Details of transactions between the Group and other related parties are disclosed below:

(a) During the period ended 30 June 2018, the Group has the following transaction with a related party that is not a member of the Group:

		Six months ended 30 June	
		2018	2017
		US$'000	*US$'000*
Related party	**Nature of transaction**	**(Unaudited)**	(Unaudited)
Poly Investment & Finance Limited ("PIF")	Rental expense *(note)*	**35**	35

Note:

Mr. Suen Cho Hung, Paul (a substantial shareholder of the Company) is the sole shareholder of PIF.

20 RELATED PARTY DISCLOSURES (continued)

(b) Remuneration of key management personnel

The remuneration of directors who are also identified as members of key management during the periods was as follows:

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**118**	115
Post-employment benefits	**2**	7
	120	122

21 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2018 **US$'000** **(Unaudited)**	31 December 2017 *US$'000* (Audited)				
Debt instruments at FVTOCI						
Listed debt securities	**8,589**	–	Level 1	Quoted prices in active markets	N/A	N/A
Financial assets at FVTPL						
Listed equity securities	**5,334**	8,067	Level 1	Quoted prices in an active market	N/A	N/A
AFS investments						
Listed debt securities	**–**	9,660	Level 1	Quoted prices in active markets	N/A	N/A

22 DISPOSAL OF A SUBSIDIARY

On 26 June 2017, Courage Marine Overseas Limited ("CM Overseas") entered into a sale and purchase agreement with an independent third party to dispose of the entire shareholding interest in, and the shareholder's loan to, a former wholly-owned subsidiary (the "disposed company") of CM Overseas, at a cash consideration of US$1,500,000. At the time of the disposal, the major asset of the disposed company was an investment property located in Singapore, which was classified as asset classified as held-for-sale as at 31 December 2016. The gain on disposal of the disposed subsidiary was US$51,000 and the disposal was completed on 26 June 2017.

The net asset of the disposed company at the date of disposal was as follows:

	US$'000 (Unaudited)
Investment property	1,449
Cash consideration received	1,500
Net assets disposed of	(1,449)
Gain on disposal of a subsidiary	51
Cash inflow from disposal of a subsidiary:	
Cash consideration received	1,500

23 EVENT AFTER THE REPORTING PERIOD

On 15 August 2018, the Company completed a placement of 91,475,000 ordinary shares under general mandate to certain independent parties at an issue price of HK$0.473 per share. The net proceeds from the placing was approximately US$5,428,000. The Company intends to use (i) approximately 80% of the net proceeds as general working capital for the Group's marine transportation services business and (ii) the remaining 20% as general working capital for the Group's other businesses. The Group is currently contemplating to expand its marine transportation services business through acquisition of an additional vessel, if such acquisition materialized, the 80% net proceeds allocated to this business as general working capital will be re-designated for funding such acquisition.

24 APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ISSUE

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2018 were authorised for issue by the Board on 30 August 2018.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, none of the directors and 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 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Hong Kong Listing Rules (the "Model Code").

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 28 June 2017. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption.

The purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

No share options were granted under the Share Option Scheme since its adoption.

Further details of the Share Option Scheme were set out in the 2017 annual report of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "SHARE OPTION SCHEME" above, at no time during the six months ended 30 June 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2018, the following interests of more than 5% of the total number of issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company:

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 ("Mr. Suen")	Interest of controlled corporation	87,270,066 *(Note)*	19.08%
Brilliant Epic Asia Limited ("Brilliant Epic")	Interest of controlled corporation	87,270,066 *(Note)*	19.08%
Success United Development Limited ("Success United")	Beneficial owner	87,270,066 *(Note)*	19.08%
Zhou Xunlan	Beneficial owner	25,785,600	5.64%

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 of the Company held by Success United under the SFO.

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

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2018 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules throughout the six months ended 30 June 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry with the directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2018.

Other Information

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2018 have not been audited, but have been reviewed by the Audit Committee of the Company and are 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 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Sue Ka Lok
Chairman

Hong Kong, 30 August 2018