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

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: CIN)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the "**Board**") of Courage Investment Group Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred as the "**Group**") for the year ended 31 December 2020 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 US$'000	2019 US$'000
Revenue			
Marine transportation income		**6,598**	10,111
Trading income		**323**	3,707
Interest income		**782**	692
Dividend income		**31**	135
Property rental income		**186**	63
Total revenue	*4*	**7,920**	14,708
Cost of goods sold and direct expenses		**(5,195)**	(11,686)
Other income		**46**	131
Other gains and losses, net	*6*	**(1,521)**	(568)
Administrative expenses		**(1,193)**	(1,386)
Net impairment loss recognised on vessels	*12*	**(2,760)**	(247)
Share of result of a joint venture		**(45)**	399
Finance costs	*7*	**(723)**	(1,171)

	Notes	**2020** *US$'000*	2019 *US$'000*
(Loss) profit before tax	*8*	**(3,471)**	180
Income tax credit	*9*	**1**	–
(Loss) profit for the year attributable to owners of the Company		**(3,470)**	180
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of the foreign operation of a joint venture		**309**	(56)
Net increase in fair value of debt instruments at fair value through other comprehensive income		**28**	576
Release on disposal/redemption of debt instruments at fair value through other comprehensive income		**–**	58
Other comprehensive income for the year, net income tax		**337**	578
Total comprehensive (expense) income for the year attributable to owners of the Company		**(3,133)**	758
Basic (loss) earnings per share attributable to owners of the Company (US cent)	*10*	**(0.63)**	0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	**2020** **US$'000**	2019 *US$'000*
Non-current assets			
Property, plant and equipment	*12*	**30,280**	33,709
Right-of-use asset		**260**	–
Investment property		**9,295**	10,462
Interest in a joint venture		**4,944**	4,680
Debt instruments at fair value through other comprehensive income		**10,407**	9,978
		55,186	58,829
Current assets			
Trade receivables	*13*	**94**	165
Other receivables and prepayments		**887**	795
Amount due from a joint venture		**669**	669
Financial assets at fair value through profit or loss		**58**	1,861
Time deposit		**–**	500
Bank balances and cash		**10,032**	1,951
		11,740	5,941
Total assets		**66,926**	64,770

	Notes	**2020**	2019
		US$'000	*US$'000*
Current liabilities			
Deposits received, other payables and accruals		**1,182**	947
Contract liabilities		**41**	102
Income tax payable		**–**	1
Borrowings – due within one year	*14*	**6,089**	6,089
Lease liabilities		**136**	–
		7,448	7,139
Net current assets (liabilities)		**4,292**	(1,198)
Total assets less current liabilities		**59,478**	57,631
Capital and reserves			
Share capital	*15*	**549**	32,931
Reserves		**48,991**	10,911
Total equity		**49,540**	43,842
Non-current liabilities			
Borrowings – due more than one year	*14*	**9,786**	13,054
Deposit received		**–**	735
Lease liabilities		**152**	–
		9,938	13,789
Total liabilities and equity		**66,926**	64,770

Notes:

1. General information

The Company (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is at Room 2113, 21st Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company is primarily listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and secondarily listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The consolidated financial statements are presented in the United States dollars ("**US$**"), which is the functional currency of the Company, and all values are rounded to the nearest thousand (US$'000) where appropriate as indicated.

2. Application of amendments to International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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

2.1 Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material

The Group has applied the Amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year has had no impact on the consolidated financial statements of the Group.

2.2 Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments has had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

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

3. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**") and the disclosure requirements of the Hong Kong Companies Ordinance.

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

4. Revenue

Disaggregation of revenue from contracts with customers

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

2020

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

2019

	Marine transportation *US$'000*	Property holding and investment *US$'000*	Investment holding *US$'000*	Merchandise trading *US$'000*	Total *US$'000*
Types of goods and services:					
Marine transportation	7,121	–	–	–	7,121
Merchandise trading	–	–	–	3,707	3,707
Revenue from contracts with customers	7,121	–	–	3,707	10,828
Leases	2,990	63	–	–	3,053
Interest income from debt instruments at FVTOCI	–	–	692	–	692
Dividend income from financial assets at FVTPL	–	–	135	–	135
Total revenue	10,111	63	827	3,707	14,708

5. Segment information

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the executive directors and chief executive of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance. This is also the current basis of organisation in the Group, whereby the management 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, net impairment loss recognised on vessels, 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		Property holding and investment		Investment holding		Merchandise trading		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Segment revenue	**6,598**	10,111	**186**	63	**813**	827	**323**	3,707	**7,920**	14,708
Segment results	**1,716**	2,081	**(1,003)**	30	**450**	383	**4**	51	**1,167**	2,545
Unallocated:										
Corporate income									**43**	5
Corporate expenses									**(1,153)**	(1,351)
Net impairment loss recognised on vessels									**(2,760)**	(247)
Share of result of a joint venture									**(45)**	399
Finance costs									**(723)**	(1,171)
(Loss) profit before tax									**(3,471)**	180

Geographical information

The Group's operations are located in Hong Kong and other Asian countries.

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

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

	Revenue from external customers/sources		Non-current assets	
	2020	2019	**2020**	2019
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong	**1,322**	4,597	**9,633**	10,462
People's Republic of China	**–**	–	**4,944**	4,680
	1,322	4,597	**14,577**	15,142

Note: Non-current assets excluded debt instruments at FVTOCI, the carrying amount of the vessels and dry-docking. Revenue excluded the revenue from marine transportation.

Information about major customers/sources

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

	2020	2019
	US$'000	*US$'000*
Customer/source A (from marine transportation segment)	**4,547**	N/A
Customer/source B (from marine transportation segment)	**1,182**	N/A
Customer/source C (from marine transportation segment)	**N/A**	3,035
Customer/source D (from marine transportation segment)	**N/A**	3,018
Customer/source E (from marine transportation segment)	**N/A**	2,574
Customer/source F (from merchandise trading segment)	**N/A**	1,700
	5,729	10,327

6. Other gains and losses, net

	2020	2019
	US$'000	*US$'000*
(Decrease) increase in fair value of an investment property	**(1,167)**	38
Net decrease in fair value of financial assets at FVTPL	**(29)**	(456)
Realised loss on disposal of financial assets at FVTPL *(note)*	**(326)**	(5)
Net realised gain on disposal/redemption of debt instruments at FVTOCI	**–**	22
Net foreign exchange gain (loss)	**1**	(167)
	(1,521)	(568)

Note: The amount represents loss on disposal of financial assets at FVTPL calculated based on the difference between the net proceeds from disposal during the year and the acquisition costs during the current year or the carrying amounts of such assets recorded at last financial year end.

7. Finance costs

	2020	2019
	US$'000	*US$'000*
Interest expenses from borrowings	**713**	1,044
Interest on lease liabilities	**10**	–
Other finance costs	**–**	127
	723	1,171

8. (Loss) profit before tax

(Loss) profit before tax has been arrived at after charging (crediting):

	2020	2019
	US$'000	*US$'000*
Auditor's remuneration		
– audit service	**147**	212
Employee benefits expense (including directors' emoluments):		
– Salaries and other benefits	**405**	406
– Contributions to retirement benefits scheme	**11**	10
Total employee benefits expenses	**416**	416
Cost of inventories recognised as expense	**319**	3,656
Marine crew expenses	**1,665**	1,714
Depreciation of property, plant and equipment	**1,500**	1,084
Depreciation of right-of-use asset	**125**	–
Interest income from banks	**(4)**	(18)

9. Income tax credit

The amount of US$1,000 for the year ended 31 December 2020 (2019: nil) represented the overprovision of Hong Kong Profits Tax in the prior year.

There was no assessable profit for the year ended 31 December 2020 arising in Hong Kong. In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

10. (Loss) earnings per share

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

	2020	2019
	US$'000	*US$'000*
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company	**(3,470)**	180

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year	**548,852**	548,852

For the years ended 31 December 2020 and 2019, no diluted (loss) earnings per share is presented as there were no dilutive potential ordinary shares outstanding during both years.

11. Dividend

During the year ended 31 December 2020, no dividend was paid, declared or proposed (2019: nil), nor has any dividend been proposed by the directors of the Company since the end of the reporting period.

12. Property, plant and equipment

The directors of the Company conducted a review of the Group's vessels at the end of every reporting period and determined the recoverable amounts of the vessels based on the higher of value in use and fair value less costs of disposal. The fair value less costs of disposal was determined based on direct comparison approach by making reference to the recent transactions of similar vessels with similar age and condition. In estimating the fair value of these vessels, the highest and best use of the vessels were their current use.

During the year ended 31 December 2020, impairment loss on vessels of US$2,760,000 (2019: net impairment loss on vessels of US$247,000) was recognised in profit or loss.

13. Trade receivables

	2020	2019
	US$'000	*US$'000*
Trade receivables		
– marine transportation aged within 60 days based on invoice date	**94**	165

At 31 December 2020, trade receivables from contracts with customers amounted to US$94,000 (2019: US$165,000).

The credit period for customers of time charter are 0 day to 30 days (2019: 0 day to 30 days). The Group normally allows credit period for customers of merchandise trading ranging from 0 day to 60 days (2019: 0 day to 60 days).

At 31 December 2020, none (2019: none) of the Group's trade receivables balance are past due as at the reporting date.

14. Borrowings

	2020	2019
	US$'000	*US$'000*
Secured loans	**15,875**	19,143
The carrying amounts of the loans are repayable*:		
On demand	**2,821**	2,821
Within one year	**3,268**	3,268
More than one year, but not exceeding two years	**4,908**	3,268
More than two years, but not exceeding five years	**4,878**	9,786
Total	**15,875**	19,143
Less: amounts due within one year shown under current liabilities	**(6,089)**	(6,089)
Amounts shown under non-current liabilities	**9,786**	13,054
Effective interest rate (%) per annum	**1.10-5.79**	2.02-6.49

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

The Group's borrowings were denominated in United States dollars and Hong Kong dollars which were also the functional currencies of the respective entities of the Group.

At 31 December 2020, the loans were carrying interest at London Interbank Offered Rate or Hong Kong Interbank Offered Rate plus certain basis points. The outstanding loans at 31 December 2020 were repayable within one to four years (2019: repayable within one to five years).

The borrowings at 31 December 2020 and 2019 were secured by the followings:

(i) corporate guarantee from the Company;

(ii) first preferred mortgage over the vessels held by Zorina Navigation Corp., Heroic Marine Corp. and Polyworld Marine Corp., named MV Zorina, MV Heroic and MV Polyworld respectively;

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

(iv) first mortgage over the investment property held by the Group; and

(v) pledge of certain debt instruments at FVTOCI held by the Group.

15. Share capital

	Number of shares '000	Amount US$'000
Authorised:		
At 1 January 2019 and 31 December 2019 (US$0.06 per share)	3,000,000	180,000
Share subdivision *(note (ii))*	177,000,000	–
At 31 December 2020 (US$0.001 per share)	**180,000,000**	**180,000**
Issued and fully paid:		
At 1 January 2019 and 31 December 2019 (US$0.06 per share)	548,852	32,931
Capital reduction *(note (i))*	–	(32,382)
At 31 December 2020 (US$0.001 per share)	**548,852**	**549**

At 31 December 2020, all issued ordinary shares have a par value of US$0.001 each (2019: US$0.06 each), carry one vote per share and carry rights to dividends as and when declared by the Company.

Notes:

The Company completed a capital reorganisation by way of capital reduction, share premium account reduction and share subdivision (the "**Capital Reorganisation**") which became effective on 20 November 2020 comprised the followings:

(i) The reduction of issued share capital of the Company whereby the par value of each issued share of the Company ("**Share(s)**") has reduced from US$0.06 to US$0.001 by cancelling US$0.059 of the paid-up capital on each issued Share (the "**Capital Reduction**").

(ii) Immediately following the Capital Reduction, the subdivision of each unissued Share of US$0.06 in the authorised share capital of the Company into 60 Shares of US$0.001 each (the "**Share Subdivision**") so that immediately following the Capital Reduction and the Share Subdivision, the authorised share capital of the Company has become US$180,000,000 divided into 180,000,000,000 Shares of US$0.001 each.

(iii) The reduction of the entire amount standing to the credit of the share premium account of the Company (the "**Share Premium Account Reduction**").

(iv) The transfer of the credits arising from the Capital Reduction and the Share Premium Account Reduction to the contributed surplus account of the Company.

(v) The application of the amount standing to the credit of the contributed surplus account of the Company arising from the Capital Reduction and the Share Premium Account Reduction to set off the accumulated losses of the Company as permitted by the laws of Bermuda and the Bye-laws of the Company and to authorise the directors of the Company to utilise any remaining credit balance in the contributed surplus account of the Company in such manner as may be determined by the directors in accordance with the Bye-laws of the Company and all applicable laws.

Upon the Capital Reorganisation became effective, the Company proposed an open offer of 548,851,784 offer shares at the subscription price of HK$0.13 per offer share on the basis of one offer share for every Share held on the record date (the "**Open Offer**").

In December 2020, the Company received subscription monies of approximately HK$68,883,000 (equivalent to approximately US$8,831,000) in relation to the Open Offer, the underwriting agreement dated 24 July 2020 entered into between the Company and the underwriter was not terminated and the Open Offer became unconditional. At 31 December 2020, the subscription monies were presented as equity of the Company and included in other reserve.

The Open Offer was completed in January 2021. Further details of the Open Offer were set out in the circular of the Company dated 30 October 2020.

16. Pledge of assets

At 31 December 2020, three vessels with an aggregate carrying amount of US$30,202,000 (2019: US$33,709,000) (including dry-docking), an investment property with carrying amount of US$9,295,000 (2019: US$10,462,000) and debt instruments at FVTOCI with carrying amount of US$8,408,000 (2019: US$7,918,000) were pledged to banks and other financial institution as security for the loan facilities granted to the Group.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2020 (2019: nil).

BUSINESS REVIEW

During the year ended 31 December 2020 ("**FY2020**"), the Group continued to principally engage in the business of marine transportation, property holding and investment, investment holding and merchandise trading.

The global outbreak of COVID-19 in early 2020 has brought some unprecedented market challenges to the Group. The slowdown of economic activities of many major economies including Mainland China, the United States, the United Kingdom and many countries in Europe, and the consequential decrease of international trade flow that led to the large fluctuations of freight rates during FY2020, had to a certain extent, adversely affected the Group's business. Against this backdrop, the Group's marine transportation operation has managed to achieve a profit of US$1,716,000 for FY2020 (2019: US$2,081,000) whilst the Group recorded an overall loss attributable to owners of the Company of US$3,470,000 (2019: profit of US$180,000). The Group's loss for the year was mainly due to the increase in impairment loss recognised on vessels of US$2,760,000 (2019: net impairment loss recognised on vessels of US$247,000) and the decrease in fair value of an investment property of US$1,167,000 (2019: increase of US$38,000). For FY2020, the Group's revenue dropped by 46% to US$7,920,000 (2019: US$14,708,000) that was largely due to the decreases in revenue of the marine transportation and merchandise trading business.

Marine transportation

For FY2020, the Group's marine transportation business reported decreases in revenue and profit by 35% to US$6,598,000 (2019: US$10,111,000) and by 18% to US$1,716,000 (2019: US$2,081,000) respectively. The decrease in the operation's revenue was the combined results of (i) the temporary halt of the charter-in and charter-out vessel ("**CICOV**") business since February 2020; and (ii) the decrease in freight rates of the Group's self-owned vessels, mainly resulted from the adverse market conditions of the vessel chartering business brought by the global outbreak of COVID-19. The Group commenced its CICOV business back in June 2018. The principal purpose of setting up 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. In June 2018, the Group had charter-in one Panamax size vessel with carrying capacity of approximately 82,000 dwt, however, as market conditions were not favourable primarily resulting from the China-US trade disputes, the Group had elected to terminate the charter-in contract in early 2020 and put this business on a temporary halt. The Group will consider resuming this business when market conditions improve.

Primarily due to the global outbreak of COVID-19 and the continuous trade disputes between China and the United States, the Baltic Dry Index ("**BDI**") which is closely correlated to market freight rate, was volatile during FY2020 by hitting its low of below 400 points in May 2020, and rebounded to over 2,000 points in October 2020, and was hovering between 600 to 1,200 points level throughout a large part of the year. The market conditions of the marine transportation business was unstable as a result of the pandemic which hampered international trade flow. However, following the launch of vaccines to combat COVID-19, there are signs that economic activities worldwide are on their recovery path. In addition, the BDI has returned to a high level of over 2,000 points recently and that market freight rate is also hovering at high levels. Accordingly, the Group is prudently optimistic about the prospects of the marine transportation business in the medium to long term. The carrying capacity of the Group's dry bulk fleet, which currently comprises three Supramax size vessels, is approximately 171,000 dwt. The Group will continue its plan to acquire a second hand Supramax dry bulk carrier, in a prudent manner and with due regard to market conditions, with a view to expand the carrying capacity of its dry bulk fleet. At 31 December 2020, with reference to prevailing market conditions (including second-hand prices and freight rate of similar vessels), an impairment loss on vessels amounted to US$2,760,000 (2019: net impairment loss on vessels of US$247,000) was recognised in FY2020, which accounted for a large part of the Group's loss for FY2020.

Property holding and investment

For FY2020, the property holding and investment business reported a loss of US$1,003,000 (2019: profit of US$30,000) and contributed a revenue of US$186,000 (2019: US$63,000) to the Group. The Group's investment property is an office unit at Shun Tak Centre, Sheung Wan, Hong Kong and is currently leased out. The investment property was valued at US$9,295,000 at the year end (2019: US$10,462,000), a revaluation loss of US$1,167,000 (2019: revaluation gain of US$38,000) was recognised which accounted for a significant part of the Group's loss for FY2020.

Investment holding

The Group's investment holding business contributed a revenue of US$813,000 (2019: US$827,000) and achieved a profit of US$450,000 (2019: US$383,000) in FY2020. The revenue of the business comprised interest income from corporate bonds and dividend income from listed equity securities held by the Group.

During the year, 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 or the SGX-ST with a yield to maturity upon acquisition of these bonds ranging from approximately 4.68% to 12.33% 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 prospects.

At the year end, the Group's investments classified as financial assets at FVTPL of US$58,000 (2019: US$1,861,000) represented listed equity securities held for non-long term purpose, whereas the Group's investments classified as debt instruments at FVTOCI of US$10,407,000 (2019: US$9,978,000) represented a portfolio of corporate bonds held for long term purpose.

For the year under review, the revenue of this business comprised interest income from corporate bonds and dividend income from equity securities, whereas the profit of this business represented mainly interest income from corporate bonds of US$782,000 (2019: US$692,000), dividend income from equity securities of US$31,000 (2019: US$135,000) after offseting against unrealised loss on listed equity securities held at year end of US$29,000 (2019: US$456,000). During the year, the Group disposed of a substantial part of its equity securities investments and recorded realised loss of US$326,000 (2019: US$5,000).

For FY2020, a net increase in fair value of the Group's debt instruments at FVTOCI of US$28,000 (2019: US$576,000) was recognised as other comprehensive income. There were no material fundamental changes in the financial parameters of these debt instruments.

Merchandise trading

The Group continued its merchandise trading business which focusing on trading of electronic components during FY2020. The business generated revenue of US$323,000 (2019: US$3,707,000), decreased by 91%, and posted an operating profit of US$ 4,000 (2019: US$51,000), decreased by 92%, when compared with the prior year. The declines in both the revenue and profit of the business were to a certain extent, due to the outbreak of COVID-19 and the China-US trade disputes which caused a slowdown of the electronics industry in general.

Share of result of a joint venture

During FY2020, the Group shared the loss of a joint venture amounting to US$45,000 (2019: shared the profit of US$399,000) 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 31 December 2020, the carrying value of the investment in joint venture was US$4,944,000 (2019: US$4,680,000).

OVERALL RESULTS

The Group recorded a loss for the year attributable to owners of the Company of US$3,470,000 (2019: profit of US$180,000), total comprehensive expense attributable to owners of the Company of US$3,133,000 (2019: total comprehensive income of US$758,000), and posted a basic loss per share of US0.63 cent for FY2020 (2019: basic earnings per share of US0.03 cent). Though the Group's marine transportation operation continued to report profit of US$1,716,000 (2019: US$2,081,000), the Group recorded an overall loss that was mainly due to the increase in impairment loss recognised on vessels of US$2,760,000 (2019: net impairment loss recognised on vessels of US$247,000) and the decrease in fair value of an investment property of US$1,167,000 (2019: increase of US$38,000). The other comprehensive income of US$337,000 comprised mainly the exchange gain arising on translation of interest in a joint venture.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During FY2020, the Group financed its operation mainly by cash generated from operations, credit facilities provided by banks and other financial institution, and shareholders' funds. At 31 December 2020, the Group had current assets of US$11,740,000 (2019: US$5,941,000) and liquid assets comprising bank balances and cash and investment in listed equity securities totalling US$10,090,000 (2019: US$4,312,000 (including time deposit)). The Group's current ratio, calculated based on current assets over current liabilities of US$7,448,000 (2019: US$7,139,000), was at a ratio of about 1.58 at the year end (2019: 0.83). The increase in current ratio was mainly due to the Company received subscription monies of approximately US$8,831,000 in relation to the Open Offer in December 2020 which substantially improved the Group's liquidity position.

At 31 December 2020, the equity attributable to owners of the Company amounted to US$49,540,000 (2019: US$43,842,000), increased by US$5,698,000 or 13% compared to the prior year end that was largely due to the Company received subscription monies of approximately US$8,831,000 in relation to the Open Offer in December 2020.

At the year end, the Group's borrowings represented loans from banks and other financial institution mainly for financing the holdings of vessels and debt instruments at FVTOCI. At 31 December 2020, the borrowings were denominated in United States dollars or Hong Kong dollars, bore interest at floating rates, and were secured by the three vessels, the investment property and certain debt instruments at FVTOCI held by the Group. The following is an analysis of the Group's borrowings and maturity profile:

	At 31 December 2020 US$'000	At 31 December 2019 US$'000
Secured loans	**15,875**	19,143
The carrying amounts of the loans are repayable*:		
On demand	**2,821**	2,821
Within one year	**3,268**	3,268
More than one year, but not exceeding two years	**4,908**	3,268
More than two years, but not exceeding five years	**4,878**	9,786
	15,875	19,143

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

The Group's finance costs of US$723,000 for the year represented mainly interests for the borrowings, finance costs decreased by 38% (2019: US$1,171,000) was mainly due to the decrease in interest rate charged for floating-rate borrowings compared to the prior year and the decrease in the average amount of borrowings outstanding.

The Group's gearing ratio, calculated on the basis of total borrowings of US$15,875,000 (2019: US$19,143,000) divided by total equity of US$49,540,000 (2019: US$43,842,000), was at a ratio of about 32% at the year end (2019: 44%).

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

EVENTS AFTER THE REPORTING PERIOD

Open offer

In January 2021, the Company completed the Open Offer and raised approximately HK$71.35 million (equivalent to approximately US$9.15 million) before expenses. Further details of the Open Offer were set out in the circular and prospectus of the Company dated 30 October 2020 and 3 December 2020 respectively.

The net proceeds of the Open Offer raised by the Group is approximately HK$67.24 million (equivalent to approximately US$8.62 million), approximately HK$22 million (equivalent to approximately US$2.82 million) of which has been utilised as intended to repay a bank revolving loan to achieve immediate savings in finance costs, whilst the remainder of the net proceeds of approximately HK$45.24 million (equivalent to approximately US$5.80 million) is pending for the use of acquiring a second hand Supramax size vessel if and when such acquisition materialises.

PROSPECTS

The worldwide economy will be benefited from the launch of COVID-19 vaccination campaign. The BDI, which is closely correlated to market freight rate, has returned to a high level of over 2,000 points recently and that market freight rate is also hovering at high levels. Accordingly, the Group is prudently optimistic about the prospect of the marine transportation business in the medium to long term. In addition, the Group's management team will make dedicated efforts to explore and seek for potential merger and acquisition opportunities in both Hong Kong and the People's Republic of China for business diversification to maximize returns to the Group.

On 25 January 2021, the Group entered into a strategic cooperation agreement with Shandong Sooc Education Technology Stock Corp., Ltd which will provide the Group with the opportunities to develop the maritime marine crew online training business. Currently, COVID-19 is spreading worldwide and there is a considerable demand for maritime marine crew training in both Mainland China and Hong Kong. The management believes that provision of online professional examination and training services will become a major trend, it will enhance the diversity of the Group's business and to broaden its income base.

Looking forward, the Group will continue to manage its business in a disciplined manner and explore potential investments/acquisitions opportunities and business enhancement strategies including but not limited to education services such as tutoring, professional training, test preparation courses and skill courses, and promptly capture such opportunities which are expected to bring long term benefits to the Group.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules for the year ended 31 December 2020.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2020 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 year ended 31 December 2020, 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
Dr. Feng Xiaogang
Chairman

Hong Kong, 23 March 2021

As at the date of this announcement, the Board comprises three Executive Directors, namely Dr. Feng Xiaogang (Chairman), Ms. Wang Yu and Ms. Sin Pui Ying; and three Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho.