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

(Incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 1145)
(Singapore Stock Code: CIN)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the "**Board**" or the "**Director(s)**") of Courage Investment Group Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *US$'000*	2022 *US$'000*
Revenue			
Marine transportation income		**8,449**	12,079
Interest income		**63**	293
Total revenue	*4*	**8,512**	12,372
Direct expenses		**(6,219)**	(7,000)
Other income		**672**	661
Other gains and losses, net		**(147)**	(272)
Administrative expenses		**(1,563)**	(1,335)
Impairment loss recognised on vessels	*11*	**(1,008)**	(797)
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	*12*	**(1,146)**	(1,402)
Loss on disposal of subsidiaries	*17*	**(2,100)**	–
Share of result of a joint venture		**(788)**	(758)

	Notes	**2023** *US$'000*	2022 *US$'000*
Finance costs	*6*	**(187)**	(346)
(Loss) profit before tax	*7*	**(3,974)**	1,123
Income tax expense	*8*	**–**	–
(Loss) profit for the year attributable to owners of the Company		**(3,974)**	1,123
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture		**(163)**	(394)
Reclassification of cumulative exchange reserve upon disposal of the foreign operation of a joint venture	*17*	**170**	–
Net decrease in fair value of debt instruments at fair value through other comprehensive income		**(1,219)**	(2,439)
Reclassification upon redemption of debt instruments at fair value through other comprehensive income		**–**	(6)
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	*12*	**1,146**	1,402
Other comprehensive expense for the year, net of income tax		**(66)**	(1,437)
Total comprehensive expense for the year attributable to owners of the Company		**(4,040)**	(314)
Basic (loss) earnings per share attributable to owners of the Company (US cent)	*9*	**(0.36)**	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	**2023** ***US$'000***	2022 *US$'000*
Non-current assets			
Property, plant and equipment	*11*	**39,733**	42,760
Right-of-use asset		**105**	11
Interest in a joint venture		**–**	4,015
Debt instruments at fair value through other comprehensive income	*12*	**389**	1,392
		40,227	48,178
Current assets			
Trade receivables	*13*	**323**	–
Other receivables and prepayments	*14*	**635**	1,525
Amount due from a joint venture		**–**	669
Debt instruments at fair value through other comprehensive income	*12*	**–**	264
Bank deposits		**16,535**	13,618
Cash and cash equivalents		**1,314**	2,201
		18,807	18,277
Total assets		**59,034**	66,455

	Notes	**2023**	2022
		US$'000	*US$'000*
Current liabilities			
Deposits received, other payables and accruals	*15*	**1,072**	1,591
Contract liabilities		**–**	101
Borrowings – due within one year	*16*	**756**	2,122
Lease liabilities		**99**	12
		1,927	3,826
Net current assets		**16,880**	14,451
Total assets less current liabilities		**57,107**	62,629
Capital and reserves			
Share capital		**1,098**	1,098
Reserves		**56,000**	60,040
Total equity		**57,098**	61,138
Non-current liabilities			
Borrowings – due more than one year	*16*	**–**	756
Deposit received	*15*	**–**	735
Lease liabilities		**9**	–
		9	1,491
Total liabilities and equity		**59,034**	66,455

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 HM 11, Bermuda and its principal place of business is at Room 1501, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company is primarily listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The consolidated financial statements are presented in United States dollar ("**US$**"), which is the functional currency of the Company, and all values are rounded to the nearest thousand (US$'000) where appropriate or as indicated.

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

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to International Accounting Standard ("**IAS**") 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years.

Amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective for annual periods beginning on or after 1 January 2025.

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

3. Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the relevant 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:

2023

	Marine transportation *US$'000*	Investment holding *US$'000*	Total *US$'000*
Type of services:			
Marine transportation	6,819	–	6,819
Revenue from contracts with customers	6,819	–	6,819
Leases	1,630	–	1,630
Interest income from debt instruments at fair value through other comprehensive income ("**FVTOCI**")	–	63	63
Total revenue	8,449	63	8,512

2022

	Marine transportation *US$'000*	Investment holding *US$'000*	Total *US$'000*
Type of services:			
Marine transportation	10,449	–	10,449
Revenue from contracts with customers	10,449	–	10,449
Leases	1,630	–	1,630
Interest income from debt instruments at FVTOCI	–	293	293
Total revenue	12,079	293	12,372

5. Segment information

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

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

1. Marine transportation
2. Investment holding
3. Property holding and investment
4. Merchandise trading

Segment results represent the profit/loss from each segment without allocation of corporate income, corporate expenses, impairment loss recognised on vessels, loss on disposal of subsidiaries, share of result of a joint venture and finance costs. The allowance for credit losses on debt instruments at FVTOCI, net is included in the result of the investment holding segment.

Segment revenue and results

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

2023

	Marine transportation *US$'000*	**Investment holding** *US$'000*	**Property holding and investment** *US$'000*	**Merchandise trading** *US$'000*	**Total** *US$'000*
Segment revenue	**8,449**	**63**	**–**	**–**	**8,512**
Segment results	**2,227**	**(1,186)**	**(7)**	**–**	**1,034**
Unallocated:					
Corporate income					**636**
Corporate expenses					**(1,561)**
Impairment loss recognised on vessels					**(1,008)**
Loss on disposal of subsidiaries					**(2,100)**
Share of result of a joint venture					**(788)**
Finance costs					**(187)**
Loss before tax					**(3,974)**

2022

	Marine transportation *US$'000*	Investment holding *US$'000*	Property holding and investment *US$'000*	Merchandise trading *US$'000*	Total *US$'000*
Segment revenue	12,079	293	–	–	12,372
Segment results	5,436	(1,104)	(196)	(91)	4,045
Unallocated:					
Corporate income					289
Corporate expenses					(1,310)
Impairment loss recognised on vessels					(797)
Share of result of a joint venture					(758)
Finance costs					(346)
Profit before tax					1,123

Information about major customers

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

	2023	2022
	US$'000	*US$'000*
Customer A	–	5,360
Customer B	–	3,040
Customer C	6,819	1,983
Customer D	1,630	1,630

6. Finance costs

	2023	2022
	US$'000	*US$'000*
Interest expenses from borrowings	180	344
Interest on lease liabilities	7	2
	187	346

7. (Loss) profit before tax

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

	2023	2022
	US$'000	*US$'000*
Auditor's remuneration	147	147
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	773	681
– Contributions to retirement benefits scheme	29	22
Total employee benefits expenses	802	703
Marine crew expenses	2,381	2,679
Depreciation of property, plant and equipment	2,042	2,168
Depreciation of right-of-use asset	100	124
Interest income from banks	(612)	(242)

8. Income tax expense

There was no assessable profit arising in Hong Kong for the years ended 31 December 2023 and 2022. In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

9. (Loss) earnings per share

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

	2023	2022
	US$'000	*US$'000*
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company	**(3,974)**	1,123

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year	**1,097,704**	1,097,704

For the years ended 31 December 2023 and 2022, no diluted (loss) earnings per share are presented as there were no dilutive potential ordinary shares outstanding during both years.

10. Dividend

During the year ended 31 December 2023, no dividend was paid, declared or proposed (2022: nil), nor has any dividend been proposed by the directors of the Company since the end of reporting period.

11. Property, plant and equipment

The directors of the Company conduct a review of the carrying amount of the Group's vessels at the end of every reporting period to determine whether there is any indication that the vessels have suffered an impairment loss. An impairment loss is recognised when the carrying amount of a vessel exceeds its recoverable amount, which in turn is the higher of its value in use and its fair value less costs of disposal.

During the year ended 31 December 2023, the Baltic Dry Index ("**BDI**"), an index that was closely correlated to market freight rate, continued to be volatile and gave an indication that conducting an impairment assessment on the carrying amounts of the Group's vessels was warranted.

The fair value of the Group's vessels were determined based on the valuation carried out by JP Assets Consultancy Limited, an independent qualified professional valuer not connected to the Group, and the market approach was principally adopted for the valuation as there was a known market for used vessels. The fair value of the vessels were primarily determined based on the direct comparison method by making reference to the recent sale transactions of similar vessels with similar age and condition (Level 2 fair value hierarchy).

At 31 December 2023, the fair value less costs of disposal of two vessels were determined with reference to prevailing market conditions (including second-hand prices and freight rate of similar vessels) and amounted to US$28,919,000 (2022: US$30,225,000) in aggregate, as such fair values were higher than the respective values in use of the vessels, the fair values represented the recoverable amounts of the two vessels. Furthermore, as the recoverable amounts of these vessels were lower than their individual carrying amount before impairment, an impairment loss on vessels of US$1,008,000 (2022: US$797,000) was recognised in profit or loss during the year.

12. Debt instruments at fair value through other comprehensive income

These debt instruments are listed on either the Hong Kong Stock Exchange or SGX-ST. At 31 December 2023, debt instruments at FVTOCI were stated at fair values which were determined based on quoted market closing prices. These debt instruments carried coupon from 5.25% to 11.95% (2022: 5.25% to 11.95%) per annum and their contractual maturity dates were from 22 March 2022 to 28 June 2025.

For the year ended 31 December 2023, a net allowance for credit losses on debt instruments at FVTOCI of US$1,146,000 (2022: US$1,402,000) was recognised in profit or loss with a corresponding adjustment to other comprehensive income.

13. Trade receivables

Trade receivables arose from the marine transportation business and aged within 30 days from the invoice date. The credit periods for customers of time charter are from 0 day to 30 days. At 31 December 2023, none of the Group's trade receivables were past due nor impaired and all were subsequently settled.

14. Other receivables and prepayments

	2023	2022
	US$'000	*US$'000*
Other receivables	**481**	472
Reimbursement asset from an insurance company *(note 15)*	**–**	821
Account balances with brokers	**10**	10
Prepayments and other deposits for operating expenses	**144**	222
	635	1,525

15. Deposits received, other payables and accruals

	2023	2022
	US$'000	*US$'000*
Accrued expenses and other payables for operations	**337**	770
Deposits received from lessee of vessel	**735**	735
Provision *(note)*	**–**	821
	1,072	2,326
Presented as:		
Current	**1,072**	1,591
Non-current	**–**	735
	1,072	2,326

Note:

During the year ended 31 December 2022, one of the Group's vessels was involved in a collision with another vessel owned by an independent third party that occurred in the seas of Singapore (the "**Collision Event**"). The owner of the other vessel (the "**Claimant**") had filed a claim against the loss caused by the negligence of the Group. The directors of the Company had made the best estimate of the claim to be approximately US$821,000 after consultation with lawyers. The claim could be fully covered by an insurance policy took out by the Group and thus a corresponding amount was recognised as a reimbursement asset (note 14).

In January 2023, the Group paid a security deposit of US$1,006,000 (the "**Security Deposit**") to the Supreme Court of Singapore pending resolution of the Collision Event. In late 2023, a settlement agreement in relation to the Collision Event was reached between the Group, the Group's insurer, the Claimant and the other parties and the Security Deposit was subsequently refunded to the Group. In January 2024, the Claimant filed a notice to discontinue its claim against the Group.

The provision of US$821,000 and the corresponding reimbursement asset (note 14) previously recognised were reversed in the current year.

16. Borrowings

	2023	2022
	US$'000	*US$'000*
Secured loans	**756**	2,878
The carrying amounts of the loans are repayable*:		
Within a period not exceeding one year	**756**	2,122
Within a period of more than one year but not exceeding two years	**–**	756
Total	**756**	2,878
Less: Amounts due within one year shown under current liabilities	**(756)**	(2,122)
Amounts shown under non-current liabilities	**–**	756
Effective interest rate (%) per annum	**8.65 – 9.46**	2.95 – 7.17

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

The Group's borrowings were denominated in United States dollars (2022: United States dollars) which were also the functional currencies of the respective entities of the Group.

At 31 December 2023, the loans were carrying interest at Secured Overnight Financing Rate (2022: London Interbank Offered Rate) plus certain basis points. The outstanding loans at 31 December 2023 were repayable within one year (2022: within one to two years).

The borrowings at 31 December 2023 and 31 December 2022 were secured by the followings:

(i) corporate guarantee from the Company;

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

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

17. Disposal of subsidiaries

During the current year, the Group disposed of the indirect interest in a joint venture through the disposal of a subsidiary to an independent third party at a cash consideration of Renminbi 13,500,000 (approximately US$1,861,000 at the date of transaction).

The consolidated net assets of the aforementioned subsidiary at the date of disposal were as follows:

	US$'000
Interest in a joint venture	**3,064**
Amount due from a joint venture	**669**
	3,733
Cash consideration received, net	**1,803**
Reclassification of cumulative exchange reserve	**(170)**
Net assets disposed of	**(3,733)**
Loss on disposal of subsidiaries	**(2,100)**
Net cash inflow arising on disposal of subsidiaries:	
Net cash consideration received and net cash inflow on disposal	**1,803**

18. Pledge of assets

At 31 December 2023, two vessels (2022: two vessels) with an aggregate carrying amount of US$25,574,000 (2022: US$27,404,000) (including dry-docking) were pledged to a 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 2023 (2022: nil).

BUSINESS REVIEW

During the year ended 31 December 2023 ("**FY2023**"), the Group continued to principally engage in the business of marine transportation, investment holding, property holding and investment, and merchandise trading.

Overall speaking, in comparison to 2022, the Group's marine transportation operation was facing a weaker freight market primarily due to the general slowdown of China's economy, the strong headwinds arising from high inflation and interest rate hikes in advanced economies including the US, and the ongoing Russia-Ukraine war. For FY2023, the Group reported a decrease in revenue by 31% to US$8,512,000 (2022: US$12,372,000), mainly due to the decrease in revenue of the marine transportation business, and recorded a loss attributable to owners of the Company of US$3,974,000 (2022: profit of US$1,123,000). Basic loss per share was US0.36 cent (2022: basic earnings per share of US0.10 cent).

Marine transportation

For FY2023, the revenue of the Group's marine transportation business decreased by 30% to US$8,449,000 (2022: US$12,079,000), and with its profit decreased by 59% to US$2,227,000 (2022: US$5,436,000). The decreases in revenue and profit of the operation were mainly due to the general slowdown of China's economy, particularly its property sector, the strong headwinds arising from high inflation and interest rate hikes in advanced economies including the US, and the ongoing Russia-Ukraine war.

During FY2023, the freight rates charged by the Group's vessels were in general lower than last year, this is in line with the movement of the BDI, which is closely correlated to the market freight rate. During the year, the BDI remained volatile by hitting its low of about 500 points in February 2023, reaching its peak of about 3,300 points in December 2023, hovering between the 1,000 to 2,000 points level for most of 2023, and was considerably lower than the 1,500 to 2,500 points level in 2022. Although the market freight rates fluctuated considerably during the year, as global trading activities have returned to their normality following the containment of the pandemic, the Group remains 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 dead weight tonnage. The Group has been considering to acquire a second-hand Supramax or Panamax size vessel but the prices of these vessel types have increased significantly since 2021. However, the second-hand dry bulk vessel market has softened recently when compared to its peak in around mid-2022 and some buying opportunities have emerged. The Group will inform shareholders of any update of the vessel acquisition as and when appropriate.

At 31 December 2023, with reference to the then prevailing market conditions (including second-hand prices of similar vessels in terms of country of built, tonnage and age and market freight rate), an impairment loss on vessels amounted to US$1,008,000 (2022: US$797,000) was recognised for the year.

Investment holding

The Group's investment holding business posted a revenue of US$63,000 (2022: US$293,000) and recorded a loss of US$1,186,000 (2022: US$1,104,000) for FY2023. The revenue of the business represented interest income from corporate bonds and the loss incurred was mainly a result of the recognition of allowance for credit losses on debt instruments (i.e., corporate bonds) at FVTOCI of US$1,146,000 (2022: US$1,402,000). The recognition of credit losses represented the further deterioration of the financial position of the issuers of the corporate bonds held by the Group. These bond issuers are all property companies based in the Mainland with their credit ratings being withdrawn or downgraded by the credit rating agencies, and most of the bonds held by the Group at the year end were in default status due to non-payments of interest and/or principal.

As the Group expected the uncertainties of the financial position of these bond issuers would ultimately affect the collection of contractual cash flows from their bonds, an allowance for credit losses on debt instruments at FVTOCI of US$1,146,000 (2022: US$1,402,000), which mainly reflected the further increase in credit risks of these bonds, was recognised during the year. The Group had performed an impairment assessment on these debt instruments under the expected credit loss ("**ECL**") model. The measurement of ECL is a function of the probability of default and the loss given default (i.e., the magnitude of the loss if there is a default), and the assessment of the probability of default and loss given default is based on historical data and forward-looking information. In determining the ECL on the Group's debt instruments, the management had taken into account factors including the withdrawal or downgrading of credit rating of the bond issuers by the credit rating agencies, the defaults of the bond issuers in their payments of interest and/or principal, and forward-looking information including the future macroeconomic conditions affecting the operations of the bond issuers.

During FY2023, the Group had not made any new investments in corporate bonds and there were partial principal repayments of a debt instrument totalling US$48,000. At the year end, the corporate bonds held by the Group were issued by seven property companies with a yield to maturity upon initial acquisition of these bonds ranging from approximately 5.37% to 12.33% per annum, the total carrying amount of these bonds amounted to US$389,000 and was classified as non-current. For the current year, the decrease in fair value of the Group's debt instruments at FVTOCI of US$1,219,000 (2022: US$2,439,000) was recognised as other comprehensive expense.

Property holding and investment

In February 2022, the Group entered into a conditional provisional sale and purchase agreement with an independent third party to dispose of the Group's investment property at a consideration of Hong Kong dollars ("**HK$**") HK$68,300,000 (equivalent to US$8,756,000). The transaction was approved by the Company's shareholders in a special general meeting held on 28 April 2022 and was completed on 6 June 2022. Upon completion of the disposal, a loss on disposal of US$183,000 representing the direct expenses related to the disposal was recognised, which largely accounted for the loss incurred by the business for the year ended 31 December 2022 of US$196,000. For the year ended 31 December 2022, the Group's property holding and investment business had no revenue as the investment property, being an office unit at Shun Tak Centre, Sheung Wan, Hong Kong, was vacant before it was disposed of. The Group is not holding any investment property at present and will look for acquisition opportunities of investment properties with good rental yield and/or high appreciation potential.

Merchandise trading

During FY2023, mainly owing to the aftermath effect of the COVID pandemic, the Group's merchandise trading business, which focusing on trading of electronic components, remained in temporary halt and no revenue (2022: nil) nor profit or loss (2022: loss of US$91,000) were booked. The Group intends to resume the business when market conditions improve.

Share of result of a joint venture

On 26 September 2023, the Group entered into an agreement to dispose of a subsidiary that held an indirect holding of 41.7% equity interest in a joint venture, which in turn held an industrial property in Shanghai, China. The loss of the joint venture shared by the Group before the disposal amounted to US$788,000 (2022: US$758,000) and was mainly related to the decrease in fair value of the aforementioned industrial property. The disposal of the subsidiary was completed in October 2023 and a loss on disposal of US$2,100,000 was recognised, further details of the transaction were stated in the Company's announcement dated 26 September 2023. At 31 December 2022, the carrying value of the Group's investment in the joint venture was US$4,015,000.

OVERALL RESULTS

For FY2023, the Group recorded a loss attributable to owners of the Company of US$3,974,000 (2022: profit of US$1,123,000) and a total comprehensive expense attributable to owners of the Company of US$4,040,000 (2022: US$314,000). Such turnaround of the Group's results was mainly the combined effect of (i) the decrease in profit contribution from the Group's marine transportation operation to US$2,227,000 (2022: US$5,436,000); (ii) the loss on disposal of a subsidiary aforementioned of US$2,100,000 (2022: nil); (iii) the decrease in allowance for credit losses on debt instruments at FVTOCI to US$1,146,000 (2022: US$1,402,000); and (iv) the increase in impairment loss recognised on vessels to US$1,008,000 (2022: US$797,000).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During FY2023, the Group financed its operation mainly by cash generated from operations, credit facilities provided by a financial institution as well as shareholders' funds. At 31 December 2023, the Group had current assets of US$18,807,000 (2022: US$18,277,000) and liquid assets comprising bank deposits and cash and cash equivalents totalling US$17,849,000 (2022: US$15,819,000). The Group's current ratio, calculated based on current assets over current liabilities of US$1,927,000 (2022: US$3,826,000), was at a strong ratio of about 9.76 (2022: 4.78) at the year end. The significant increase in current ratio was mainly attributed to the net proceeds from disposal of the subsidiary aforementioned of US$1,803,000 which had been applied as working capital of the Group.

At 31 December 2023, the equity attributable to owners of the Company amounted to US$57,098,000 (2022: US$61,138,000), decreased by US$4,040,000 when compared with the last year end and was mainly a result of the loss incurred by the Group of US$3,974,000.

At the year end, the Group's borrowings represented loans from a financial institution mainly applied for financing the holdings of vessels. The borrowings were all due within one year (2022: current portion of US$2,122,000 and non-current portion of US$756,000, totalling US$2,878,000), denominated in United States dollars, bore interests at floating rates, and were secured by two vessels owned by the Group. The following is an analysis of the Group's borrowings and its maturity profile:

	At 31 December 2023 *US$'000*	At 31 December 2022 *US$'000*
Secured loans	**756**	2,878
The carrying amounts of the loans are repayable*:		
Within a period not exceeding one year	**756**	2,122
Within a period of more than one year but not exceeding two years	**–**	756
	756	2,878

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

For FY2023, the Group's finance costs of US$187,000 (2022: US$346,000) represented mainly interests for the borrowings, finance costs decreased by 46% was mainly a result of the decrease in the average amount of borrowings over last year.

The Group's gearing ratio, calculated on the basis of total borrowings of US$756,000 (2022: US$2,878,000) divided by total equity of US$57,098,000 (2022: US$61,138,000), was at a low ratio of about 1% (2022: 5%) at the year end.

The Group's interest income from banks increased by 153% to US$612,000 (2022: US$242,000) over last year, mainly resulted from additional surplus funds on hand and the general rise in bank deposit rates.

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

Use of proceeds from the Open Offer

In January 2021, the Company successfully raised US$9,148,000 before expenses by way of an open offer of 548,851,784 offer shares (with aggregate nominal value of US$548,851.784) at the subscription price of HK$0.13 per offer share (the closing price of the Company's shares was HK$0.193 on the day when the subscription price was fixed) on the basis of one offer share for every one share of the Company held on the record date (the "**Open Offer**"). The net proceeds from the Open Offer were US$8,621,000 (equivalent to a net subscription price of approximately HK$0.12 per offer share), of which a sum of US$2,821,000 was utilised as intended to repay a bank revolving loan to achieve immediate saving in finance costs, whilst the remainder of the net proceeds of US$5,800,000 was earmarked as working capital for the Group's marine transportation business. As opposed to the original intention to apply approximately 50% of the remainder of the proceeds to its marine transportation business, approximately 40% to its investment holding business and approximately 10% to its merchandise trading business as working capital, the net proceeds from the Open Offer were not applied as working capital for the Group's merchandise trading and investment holding businesses as the Group was not active in its merchandise trading and investment activities primarily owing to the adverse economic impact brought by the prolonged continuation of the COVID pandemic. The Company has therefore earmarked the remaining net proceeds of US$5,800,000 as working capital for the Group's marine transportation business before any acquisition of a vessel is proceeded with. Such working capital would be continually be used and replenished in the course of operation on an ongoing basis.

The price range of the second-hand Supramax and Panamax vessels with varying specifications that are under consideration by the management has increased significantly since 2021 to around US$7 million to US$17 million currently, about 30% higher on average than the management's original budget of US$7 million to US$12 million back in 2021. The second-hand dry bulk vessel market has softened recently when compared to its peak in around mid-2022 and some buying opportunities have emerged. The management is in the course of evaluating certain vessel buying opportunities and it is still the Group's intention to reutilise the remaining net proceeds of the Open Offer of US$5,800,000 to acquire a second-hand dry bulk vessel. The management will continue to closely monitor the market conditions and will inform shareholders of any update of the vessel acquisition as and when appropriate.

PROSPECTS

Following the full relaxation of anti-COVID measures in China and global trading activities have returned to their normality, the Group is prudently optimistic about the prospects of the marine transportation business in the medium to long term, although the current market conditions are rather volatile as a result of the ongoing Russia-Ukraine war, and the Red Sea and Gulf of Aden safety crises.

The Group has yet to acquire a second-hand Supramax or Panamax vessel as the prices of these vessel types have increased significantly since 2021. However, the second-hand dry bulk vessel market has softened recently and some buying opportunities have emerged. The Group will continue with its plan of acquiring a second-hand dry bulk vessel and will inform shareholders of any update of the vessel acquisition as and when appropriate. Looking ahead, the Group will continue to manage its businesses in a disciplined manner, as well as to explore potential investment and acquisition opportunities and business enhancement strategies which are expected to bring long-term benefits to the shareholders.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 (renamed as Appendix C1 since 31 December 2023) to the Hong Kong Listing Rules for the year ended 31 December 2023.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2023 have been reviewed by the Audit Committee and are duly approved by the Board under the recommendation of the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Sue Ka Lok (Chairman), Ms. Lee Chun Yeung, Catherine (Chief Executive Officer) and Ms. Wang Yu; and three Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho.