



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)

Interim Report **2017**

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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
“PRC”	People’s Republic of China
“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.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sue Ka Lok (*Chairman*)
Ms. Chan Yuk Yee

Independent Non-executive Directors

Mr. Ngiam Zee Moey
Mr. Zhou Qijin
Mr. To Yan Ming, Edmond

AUDIT COMMITTEE

Mr. Ngiam Zee Moey (*Chairman*)
Mr. Zhou Qijin
Mr. To Yan Ming, Edmond

REMUNERATION COMMITTEE

Mr. To Yan Ming, Edmond (*Chairman*)
Mr. Ngiam Zee Moey
Mr. Zhou Qijin

NOMINATION COMMITTEE

Mr. Zhou Qijin (*Chairman*)
Mr. Ngiam Zee Moey
Mr. To Yan Ming, Edmond
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

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
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Singapore 048623

WEBSITE

www.courageinv.com

The above information is updated to 25 September 2017, being the latest practicable date before printing of this interim report.

Management Discussion and Outlook

BUSINESS REVIEW

During the six months ended 30 June 2017, 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 an 83% growth in revenue by reporting US\$3,364,000 (30 June 2016: US\$1,839,000) for the review period and recorded a gross profit of US\$629,000 in contrast to the gross loss of US\$1,173,000 incurred in the prior period. The rise of the Group's revenue was mainly due to the increase in revenue generated by the Group's merchandise trading business, as well as the first dividend of US\$552,000 received from the property investment project in Singapore. The dividend received was also the main contributor to the gross profit recorded by the Group during the current period.

Marine transportation services

During the first half of 2017, the Group's marine transportation business generated revenue of US\$845,000, which showed a decline of 49% from the prior period (30 June 2016: US\$1,650,000), and recorded an operating loss of US\$197,000, that represented a significant decrease of 89% from the prior period (30 June 2016: US\$1,865,000). The decline of revenue that coupled with the decrease of operating loss was mainly due to the change in mode of operation of this business since February 2017 by putting the two vessels held, namely MV Zorina and MV Heroic, primarily on time chartering mode rather than on the previous voyage chartering mode. This change in mode of vessel operation greatly enhances the utilisation rate of these vessels by having them on hire on a much longer and continuous term while correspondingly the Group is in a better position to control the vessels' operating costs. Under time chartering, the revenue derived from chartering the vessels is lesser from voyage chartering as the charterer will be responsible for a majority of the vessels' running costs. Based on time chartering contracts on hand, it is expected that the utilisation rate of the Group's vessels will be over 90% in year 2017. Nevertheless, the outlook for market conditions of vessel chartering remains competitive and challenging as the BDI, which has a close correlation to freight rate, was volatile in the first half of 2017. During the period, BDI was at its low and below 700 points in February 2017, reached its peak and over 1,300 points in March 2017, and was hovering between 800 to 1,200 points level throughout most of the period. In view of the loss making results of this business, the Group will continue to explore various measures that can raise revenue and save costs in order to improve its results.

Property holding and investment

The property holding and investment business continued to deliver a profitable results of US\$1,373,000 and contribute revenue of US\$668,000 to the Group for the first half of 2017. The Group has leased out its investment property being an office unit in Shun Tak Centre, Sheung Wan, Hong Kong since September 2016 and generated rental income of US\$116,000 for the period under review. The investment property was valued at US\$7,935,000 at the period end and a revaluation gain of US\$645,000 was recognised in the first half of 2017. In addition, the Group holds a 10% interest in a residential property development project in Singapore which was completed in 2016. The Group received the first distribution of profit of US\$552,000 from this project in January 2017 and further distributions from this project in later time of the year are expected. During the current period, the Group disposed a subsidiary which holds a residential property in Singapore at a consideration of US\$1,500,000 and recorded a gain of US\$51,000 on disposal of this subsidiary.

Management Discussion and Outlook

Investment holding

The Group's investment holding business contributed revenue of US\$142,000 (30 June 2016: US\$116,000) and incurred an operating loss of US\$632,000 (30 June 2016: US\$81,000) in the first half of 2017. During the current period, the Group continued to invest in listed equity securities and equity-linked notes and has commenced to invest in corporate bonds for the purpose of diversifying the Group's investment portfolio and to broaden its income base. The corporate bonds acquired 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 the period under review, the revenue of this business comprised interest income from equity-linked notes and corporate bonds, and loss incurred represented mainly unrealised loss on listed equity securities held at the period end of US\$791,000 (30 June 2016: US\$228,000). At the period end, the Group's investments classified as "financial assets at fair value through profit or loss ("FVTPL")" of US\$2,996,000 represented a portfolio of listed equity securities held and the Group's investments classified as "available-for-sale ("AFS") investments", both current and non-current portion, totalling US\$9,437,000 represented a portfolio of corporate bonds held.

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

Investee company	Principal activities of investee company	Approximate weighting to the market/fair value of the Group's financial assets at FVTPL portfolio	% of shareholding interest	Acquisition costs during the period	Market value as at 30 June 2017	Unrealised gain (loss) recognised during the period ended 30 June 2017	* Investee company's financial performance	* Future prospects of the investee company
				A	B	C = B - A		
Larry Jewery International Company Limited (Hong Kong stock code: 8351)	Jewelry and pharmaceutical business	58%	2.31%	2,400	1,745	(655)	For the six months ended 30 June 2017, revenue increased by 185% to HK\$207,660,000 and loss for the period attributable to owners of the investee company increased by 222% to HK\$35,500,000 compared to the same period in 2016.	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 its 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.

Management Discussion and Outlook

Investee company	Principal activities of investee company	Approximate weighting to the market/ fair value of the Group's financial assets at		Acquisition costs during the period	Market value as at 30 June 2017	Unrealised gain (loss) recognised during the period ended 30 June 2017	# Investee company's financial performance	# Future prospects of the investee company
		FVTPL portfolio %	shareholding interest %					
China Railway Group Limited (Hong Kong stock code: 390)	Infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses	20%	0.02%	646	601	(45)	For the six months ended 30 June 2017, revenue increased by 11% to RMB298.553 billion and profit for the period attributable to owners of the investee company increased by 41% to RMB7.707 billion compared to the same period in 2016.	The investee company will continue to explore its operational potentials by implementing regional operational strategies, facilitate management upgrade by deepening the management pilot scheme, innovate in the integration solutions of production and finance, assist in the realization of project financing solutions, and revitalise the enterprise by pushing forward the reform of state-owned enterprises.

Management Discussion and Outlook

Investee company	Principal activities of investee company	Approximate weighting to the market/ fair value of the Group's financial assets at		Acquisition costs during the period	Market value as at 30 June 2017	Unrealised gain (loss) recognised during the period ended 30 June 2017	# Investee company's financial performance	# Future prospects of the investee company
		FVTPL portfolio %	shareholding interest %					
				US\$'000	US\$'000	US\$'000		
				A	B	C = B - A		
PetroChina Company Limited (Hong Kong stock code: 857)	Petroleum exploration and production business	18%	negligible	646	529	(117)	For the six months ended 30 June 2017, revenue increased by 32% to RMB975,909 million and profit for the period attributable to owners of the investee company increased by over 22 times to RMB12,676 million compared to the same period in 2016.	The investee company will enhance its analysis and assessment of the situation, grasp favourable opportunities arising from China's implementation of major strategies such as the supply-side structural reform and "the Belt and Road" initiative, take advantage of its strengths on integrated operation and make an overall planning in respect of its resources and markets, both within and outside the PRC.
Others	-	4%	-	95	121	26	-	-
		100%		3,787	2,996	(791)		

Extracted from published financial information of the investee companies.

Management Discussion and Outlook

A summary of the Group's major investments classified as AFS investments, together with other information, is as below:

Issuer	Principal activities of issuer	Approximate weighting to the market/fair value of the Group's AFS investments portfolio %	Yield to maturity on acquisition %	Acquisition	Market	Unrealised
				costs during the period US\$'000 A	value as at 30 June 2017 B	gain (loss) recognised during the period ended 30 June 2017 US\$'000 C = B - A
China Evergrande Group	Property related businesses	36%	8.22 – 8.75	3,401	3,372	(29)
Pacific Century Premium Development Limited	Property related businesses	21%	4.68	2,006	2,030	24
Logan Property Holdings Company Limited	Property related businesses	20%	5.48	1,977	1,868	(109)
China Aircraft Leasing Group Holdings Limited	Airline leasing	10%	5.09	983	976	(7)
Others	N/A	13%	5.09 – 5.5	1,229	1,191	(38)
		100%		9,596	9,437	(159)

Merchandise trading

The Group continued its merchandise trading business which focusing on trading of consumable goods relating to infant and personal care products during the review period. The business generated revenue of US\$1,709,000 (30 June 2016: US\$73,000) and recorded an operating loss of US\$71,000 (30 June 2016: US\$359,000). The sharp rise of the revenue generated by the business was mainly due to the increase of its trading volume and the expanded range of goods traded, whilst the operating loss recorded was mainly due to the promotion expenses incurred during the current period. Subsequent to the period end, the Group has expanded its business scope to electronic components with the view to expand the revenue base and to enhance the performance of this business.

Share of result of a joint venture

During the first half 2017, the Group shared the loss of a joint venture amounting to US\$536,000 which mainly related to the decrease in fair value of an industrial property in Shanghai, China held by the joint venture, the property is intended for leasing. The carrying value of the investment in the joint venture was US\$4,305,000 at the period end (31 December 2016: US\$4,733,000).

Management Discussion and Outlook

Overall results

As a whole, the Group's loss for the period attributable to owners of the Company substantially decreased by 68% down to US\$983,000 (30 June 2016: US\$3,062,000) that was mainly due to the improved results of the marine transportation and the property holding and investment businesses. Basic and diluted loss per share for the period was US0.22 cent (30 June 2016: US0.80 cent (restated)).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During the six months ended 30 June 2017, the Group financed its operation mainly by credit facilities provided by banks and shareholders' funds. At 30 June 2017, the Group had current assets of US\$10,482,000 (31 December 2016: US\$10,735,000) and liquid assets comprising bank balances and cash, time deposit and investment in listed equity securities totalling US\$7,230,000 (31 December 2016: US\$5,689,000). The Group's current ratio, calculated based on current assets over current liabilities of US\$10,052,000 (31 December 2016: US\$9,749,000), was at a ratio of about 1.04 at the period end (31 December 2016: 1.10).

At 30 June 2017, the increase of equity attributable to owners of the Company by 73% to US\$26,476,000 (31 December 2016: US\$15,303,000) was mainly due to the completion of the placing of 25,400,000 Company's new shares in January 2017 that raised net proceeds of US\$12,207,000.

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 2017 US\$'000	As at 31 December 2016 US\$'000
Secured bank loans	18,453	19,799
Carrying amount repayable:		
Repayable on demand	8,675	6,441
Within one year	–	1,146
More than one year, but not exceeding two years	6,087	2,691
More than two years, but not exceeding five years	3,691	6,735
More than five years	–	2,786
	18,453	19,799

The Group's finance costs of US\$382,000 for the period represented mainly interests for the above bank borrowings, finance costs decreased by 9% compared to prior period (30 June 2016: US\$421,000) as there were less bank borrowings during the review period.

Management Discussion and Outlook

The Group's gearing ratio, calculated on the basis of total bank borrowings of US\$18,453,000 (31 December 2016: US\$19,799,000) divided by total equity of US\$26,476,000 (31 December 2016: US\$15,303,000), was at a ratio of about 70% at the period end (31 December 2016: 129%). The Group's gearing ratio has improved after the completion of the Company's shares placement in January 2017 as mentioned below.

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 net proceeds from the placing amounted to US\$12,207,000 and has been used as intended as general working capital of the Group and for funding of attractive business/investment opportunities. Up to 30 June 2017, a majority of the proceeds has been applied for the operation and development of the Group's investment holding and merchandise trading businesses.

Share subdivision

On 6 June 2017, the Board proposed to implement 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"). The Share Subdivision was approved by the Shareholders on 28 June 2017 and became effective on 6 July 2017.

Foreign currency management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in United States dollars, Hong Kong dollars, Singapore dollars, New Taiwan dollars and Renminbi. 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 foreign currency forward contracts, currency swaps or other financial derivatives for hedging purposes. Appropriate measures will be undertaken by the Group should exchange rate fluctuations become significant.

Pledge of assets

At 30 June 2017, the two vessels held by the Group, namely MV Zorina and MV Heroic, with carrying amount totalling US\$14,263,000 (31 December 2016: US\$14,378,000) were pledged to banks to secure the loan facilities granted to the Group.

Contingent liability

At 30 June 2017, the Group had no significant contingent liability (31 December 2016: nil).

Capital commitment

At 30 June 2017, the Group had no significant capital commitment (31 December 2016: nil).

Management Discussion and Outlook

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2017, the Group had 12 (31 December 2016: 13) employees including directors of the Company. For the period under review, staff costs (including directors' emoluments) amounted to US\$294,000 (30 June 2016: US\$391,000). 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 Board is of the view that the operating environment of the Group's marine transportation business will continue to be challenging in the near term and the management has already adopted various measures aiming to improve its financial performance. As for the Group's remaining businesses, namely, property holding and investment, investment holding and merchandise trading, the management will continue to step up its effort to improve their results and to seize attractive business/investment opportunities that can create value to the Shareholders.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Revenue	4	3,364	1,839
Cost of sales		(2,735)	(3,012)
Gross profit (loss)		629	(1,173)
Other income		53	46
Other gains and losses, net	6	(59)	(249)
Administrative expenses		(688)	(1,384)
Share of result of a joint venture		(536)	-
Other expense		-	(81)
Finance costs		(382)	(421)
Loss for the period	8	(983)	(3,262)
Other comprehensive (expense) income:			
<i>Items that will not be reclassified subsequently to profit and loss:</i>			
Deficit on revaluation of leasehold land and building		-	(164)
Deferred tax credit arising on revaluation of leasehold land and building		-	24
		-	(140)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		108	222
Net decrease in fair value of available-for-sale investments		(159)	-
		(51)	222
Other comprehensive (expense) income for the period		(51)	82
Total comprehensive expense for the period		(1,034)	(3,180)
Loss for the period attributable to:			
Owners of the Company		(983)	(3,062)
Non-controlling interests		-	(200)
		(983)	(3,262)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(1,034)	(3,047)
Non-controlling interests		-	(133)
		(1,034)	(3,180)
Loss per share attributable to owners of the Company (US cent)			
Basic and diluted	10	(0.22)	(0.80)
			(restated)

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	As at 30 June 2017 US\$'000 (Unaudited)	As at 31 December 2016 US\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	14,268	14,428
Investment property	12	7,935	7,290
Interest in a joint venture		4,305	4,733
Available-for-sale investments	13	9,317	79
Total non-current assets		35,825	26,530
Current assets			
Inventories		557	181
Available-for-sale investments	13	199	–
Trade receivables	14	83	281
Other receivables and prepayments	15	1,744	2,466
Amount due from a joint venture		669	669
Financial assets at fair value through profit or loss	16	2,996	645
Time deposit		500	500
Cash and cash equivalents		3,734	4,544
Asset classified as held-for-sale		–	1,449
Total current assets		10,482	10,735
Total assets		46,307	37,265
Current liabilities			
Deposits received, other payables and accruals		1,377	1,980
Borrowings - due within one year	17	8,675	7,587
Liability associated with asset classified as held-for-sale		–	182
Total current liabilities		10,052	9,749

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	<i>Notes</i>	As at 30 June 2017 US\$'000 (Unaudited)	As at 31 December 2016 US\$'000 (Audited)
Capital and reserves			
Share capital	18	27,443	22,871
Deficits in reserves		(967)	(7,568)
Total equity		26,476	15,303
Non-current liabilities			
Borrowings - due more than one year	17	9,778	12,212
Deferred tax liability		1	1
Total non-current liabilities		9,779	12,213
Total liabilities and equity		46,307	37,265
Net current assets		430	986
Total assets less current liabilities		36,255	27,516

Condensed Consolidated Statement of Changes in Equity

For the six months period ended 30 June 2017

	Attributable to owners of the Company							Non-controlling interests	Total	
	Share capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Other reserve	Exchange reserve	Accumulated losses			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
At 1 January 2016 (Audited)	22,871	34,872	2,125	-	1,531	-	(28,872)	32,527	-	32,527
Loss for the period	-	-	-	-	-	-	(3,062)	(3,062)	(200)	(3,262)
Deficit on revaluation of leasehold land and building	-	-	(164)	-	-	-	-	(164)	-	(164)
Deferred tax credit arising on revaluation of leasehold land and building	-	-	24	-	-	-	-	24	-	24
Exchange differences arising on translation of a foreign operation	-	-	-	-	-	155	-	155	67	222
Total comprehensive (expense) income for the period	-	-	(140)	-	-	155	(3,062)	(3,047)	(133)	(3,180)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	669	669
Release of deferred taxation upon transfer from property, plant and equipment to investment property	-	-	351	-	-	-	-	351	-	351
At 30 June 2016 (Unaudited)	22,871	34,872	2,336	-	1,531	155	(31,934)	29,831	536	30,367
At 1 January 2017 (Audited)	22,871	34,872	-	-	1,531	(54)	(43,917)	15,303	-	15,303
Loss for the period	-	-	-	-	-	-	(983)	(983)	-	(983)
Net decrease in fair value of available-for-sale investments	-	-	-	(159)	-	-	-	(159)	-	(159)
Exchange differences arising on translation of a foreign operation	-	-	-	-	-	108	-	108	-	108
Total comprehensive (expense) income for the period	-	-	-	(159)	-	108	(983)	(1,034)	-	(1,034)
Issue of shares (Note 18(i))	4,572	7,948	-	-	-	-	-	12,520	-	12,520
Transaction costs attributable to issue of shares (Note 18(i))	-	(313)	-	-	-	-	-	(313)	-	(313)
At 30 June 2017 (Unaudited)	27,443	42,507	-	(159)	1,531	54	(44,900)	26,476	-	26,476

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Operating activities			
Loss before tax		(983)	(3,262)
Adjustments for:			
Interest income		(171)	(88)
Finance costs		382	421
Gain on disposal of a subsidiary	22	(51)	–
Depreciation of property, plant and equipment		160	563
Amortisation of intangible assets		–	60
Net decrease in fair value of financial assets at fair value through profit or loss		791	228
Increase in fair value of an investment property		(645)	–
Dividend income from an investee company	4	(552)	–
Share of result of a joint venture		536	–
Operating cash flows before movements in working capital		(533)	(2,078)
Increase in inventories		(376)	(41)
Decrease (increase) in trade receivables		198	(179)
Increase in other receivables and prepayments		(1,144)	(904)
Increase in financial assets at fair value through profit or loss		(3,142)	(1,314)
Decrease in deposits received, other payables and accruals		(785)	(1,203)
Increase in amounts due to related parties		–	93
Cash used in operations		(5,782)	(5,626)
Interest expense paid		(382)	(421)
Interest income received		171	88
Dividend income received from an investee company		552	–
Net cash used in operating activities		(5,441)	(5,959)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Investing activities			
Purchase of available-for-sale investments		(9,596)	–
Repayment of loan advance to an investee company	15(i)	1,866	–
Proceed from disposal of a subsidiary	22	1,500	–
Addition to investment properties		–	(682)
Purchase of property, plant and equipment	11	–	(98)
Acquisition of subsidiaries		–	(772)
Withdrawal of restricted bank deposits		–	1,259
Net cash used in investing activities		(6,230)	(293)
Financing activities			
Net proceeds from issue of shares	18	12,207	–
Repayment of borrowings	17	(1,346)	(2,271)
Net cash from (used in) financing activities		10,861	(2,271)
Net decrease in cash and cash equivalents		(810)	(8,523)
Cash and cash equivalents at the beginning of the period		4,544	10,407
Effect of foreign exchange rate changes		–	261
Cash and cash equivalents at the end of the period		3,734	2,145

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

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) where appropriate as indicated.

The Company is an investment holding company and the principal activities of the Group 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") that are effective for the Group's accounting periods beginning on 1 January 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised losses

The application of the new and revised IFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

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 expenses. 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 2016.

4 REVENUE

	Six months ended 30 June	
	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Marine transportation service income:		
– Vessel voyage charter	14	1,650
– Vessel time charter	831	–
Merchandise trading income	1,709	73
Dividend income from an investee company (<i>Note</i>)	552	–
Rental income from investment property	116	–
Interest income from financial assets at fair value through profit or loss (“FVTPL”)	49	79
Interest income from available-for-sale (“AFS”) investments	93	–
Dividend income from financial assets at FVTPL	–	37
	3,364	1,839

Note:

The dividend income from an investee company represents the dividend income derived from the investment in Santarli Realty Pte Ltd. (“Santarli Realty”) during the period, which was classified as AFS investments (note 13(i)).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

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 of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group in different operating activities. During the period ended 30 June 2017, the Group commenced to invest in corporate bonds which were classified as AFS Investments in the condensed consolidated financial statements.

Specifically, the Group's reportable and operating segments under IFRS 8 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.

Segment revenues and results

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

	Marine transportation services		Merchandise trading		Property holding and investment		Investment holding		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Segment revenue	845	1,650	1,709	73	668	-	142	116	3,364	1,839
Segment results	(197)	(1,865)	(71)	(359)	1,373	-	(632)	(81)	473	(2,305)
Unallocated:										
Corporate income									26	9
Corporate expenses									(564)	(545)
Share of result of a joint venture									(536)	-
Finance costs									(382)	(421)
Loss for the period									(983)	(3,262)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

5 SEGMENT INFORMATION (continued)

Segment assets

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

	Marine transportation services		Merchandise trading		Property holding and investment		Investment holding		Total	
	As at		As at		As at		As at		As at	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	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	14,942	15,459	1,118	2,955	13,424	16,094	12,433	645	41,917	35,153
Unallocated corporate assets									4,390	2,112
Total assets									46,307	37,265

6 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2017	2016
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Gain on disposal of a subsidiary (Note 22)	51	–
Increase in fair value of an investment property	645	–
Net decrease in fair value of financial assets at FVTPL	(791)	(228)
Net foreign exchange gain (loss)	36	(21)
	(59)	(249)

7 INCOME TAX EXPENSE

No provision on Hong Kong Profits Tax has been made in the financial statements as the Group have no estimated assessable profit in both periods.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

8 LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Interest income from banks	(29)	(9)
Employee benefits expense (including directors' emoluments):		
– Salaries and other benefits	286	384
– Contributions to retirement benefits scheme	8	7
Total employee benefits expenses	294	391
Marine crew expenses	565	641
Depreciation of property, plant and equipment	160	563
Amortisation of intangible assets	–	60

9 DIVIDEND

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2016: 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	
	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Loss		
Loss for the period attributable to the owners of the Company	(983)	(3,062)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

10 LOSS PER SHARE (continued)

	Six months ended 30 June	
	2017 '000 (Unaudited)	2016 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period (<i>Note</i>)	450,220	381,177 (restated)

Note:

The weighted average number of ordinary shares for the periods ended 30 June 2017 and 2016 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(ii)) which became effective on 6 July 2017.

For the periods ended 30 June 2017 and 2016, diluted loss per share is the same as basic loss per share 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 2017 (six months ended 30 June 2016: US\$98,000).

12 INVESTMENT PROPERTY

The fair value of the Group's investment property as at 30 June 2017 and 31 December 2016 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 making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the property, the highest and best use of the property was its current use.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

13 AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	As at 30 June 2017 US\$'000 (Unaudited)	As at 31 December 2016 US\$'000 (Audited)
Unlisted investment, at cost:		
– Equity securities (<i>Note (i)</i>)	79	79
Listed investments, at fair value:		
– Debt securities (<i>Note (ii)</i>)	9,437	–
	9,516	79
Analysed as:		
Current portion	199	–
Non-current portion	9,317	79
	9,516	79

Notes:

- (i) The Group holds 10% (31 December 2016: 10%) of the ordinary share capital of Santarli Realty, a company engaged in property development business in Singapore. The directors of the Company do not consider that the Group is able to exercise significant influence over Santarli Realty as the Group does not have any board seat in Santarli Realty.
- (ii) 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

14 TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks (31 December 2016: 2 weeks) after the receipt of invoices while other customers are requested to prepay the charter-hire income in full before discharging for voyage charter. Customers of time charter are requested to prepay the charter-hire income for time charter. The Group normally allows credit period for customers of merchandise trading ranging from 30 days to 180 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 2017 US\$'000 (Unaudited)	As at 31 December 2016 US\$'000 (Audited)
0 to 90 days	68	254
91 to 180 days	15	27
	83	281

15 OTHER RECEIVABLES AND PREPAYMENTS

Details of other receivables and prepayments are as follows:

	As at 30 June 2017 US\$'000 (Unaudited)	As at 31 December 2016 US\$'000 (Audited)
Interest-free loan to an investee company (Note (i))	–	1,866
Other receivables	723	499
Prepayments	51	92
Deposits (Note (ii))	970	9
	1,744	2,466

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

15 OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Notes:

- (i) On 14 September 2012, Courage Marine Overseas Ltd. ("CM Overseas"), a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Santarli Corporation Pte Ltd ("Santarli Corp"), an independent third party, to purchase from Santarli Corp 100,000 shares in Santarli Realty (which constitutes 10% of the issued share capital of Santarli Realty), at a cash consideration of S\$100,000 and advanced an interest-free shareholder's loans of S\$5,400,000. On the same date, Santarli Holdings Pte Ltd., the holding company of Santarli Corp has executed a guarantee in favour of CM Overseas of all the liabilities due by Santarli Corp to CM Overseas. Santarli Realty is a subsidiary of Santarli Corp and is engaged in property development business in Singapore.

During the year ended 31 December 2016, Santarli Realty has partially repaid the interest-free loan amounting to S\$2,700,000 (equivalent to approximately US\$1,946,000). During the period ended 30 June 2017, Santarli Realty has repaid the remaining interest-free loan of S\$2,700,000 (equivalent to approximately US\$1,866,000).

- (ii) At 30 June 2017, the deposit amount of US\$961,000 (31 December 2016: nil) was prepaid for the purchase of inventories in relation to the Group's merchandise trading business.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2017 US\$'000 (Unaudited)	As at 31 December 2016 US\$'000 (Audited)
Held for trading, at fair value:		
Equity-linked notes (<i>Note (i)</i>)	–	645
Equity securities listed in Hong Kong (<i>Note (ii)</i>)	2,996	–
	2,996	645

Notes:

- (i) At 31 December 2016, the Group held equity-linked notes with aggregate principal amount of HK\$5,000,000 which bore fixed interest rate of 10.08% per annum and would be due in March 2017 (subject to early redemption). These equity-linked notes were linked with a Hong Kong listed security at a strike price. The fair value of these equity-linked notes was determined based on quoted price in over-the-counter market at the end of the reporting period.
- (ii) The fair values of these listed equity securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

17 BORROWINGS

During the six months ended 30 June 2017, the Group repaid bank loans totalling US\$1,346,000 (six months ended 30 June 2016: US\$2,271,000). These bank loans carry interest at London Interbank Offered Rates plus certain basis points. The outstanding bank loans at 30 June 2017 are repayable within 2 to 5 years (31 December 2016: repayable within 3 to 6 years).

The borrowings as at 30 June 2017 and 31 December 2016 were secured by the followings:

- (i) corporate guarantee from the Company on the outstanding loan balance;
- (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 proceeds arising from the loans were used to finance the acquisition of vessels included in property, plant and equipment. The Group has no history of default for repayment of the borrowings.

At 30 June 2017 and 31 December 2016, the Group failed to maintain the financial covenant in relation to the security coverage ratio as stipulated in two borrowing agreements with the relevant banks. 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 agreements, the Group should either provide cash deposit as additional security or early prepay certain portion of the outstanding loan balance amounting to US\$8,675,000 (31 December 2016: US\$6,441,000) as will enable the security coverage ratio be maintained at the required level. The Group has negotiated with the relevant banks in respect of the failure to maintain the security coverage ratio and the banks have neither requested the Group to provide additional security nor to early repay the borrowings up to the date of this report. In light of the above, the shortfall to maintain the security coverage ratio amounting to US\$8,675,000 (31 December 2016: US\$6,441,000) has been included as the Group's current liabilities and considered as repayable on demand.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

18 SHARE CAPITAL

	Number of shares '000	Amount US\$'000
Authorised:		
As at 1 January 2016, 31 December 2016 and 30 June 2017 (US\$0.18 per share)	1,000,000	180,000
Issued and fully paid:		
As at 1 January 2016 and 31 December 2016 (US\$0.18 per share)	127,059	22,871
Issue of new shares (Note (i))	25,400	4,572
As at 30 June 2017 (US\$0.18 per share)	152,459	27,443

All issued ordinary shares have a par value of US\$0.18 each (31 December 2016: US\$0.18 each), which carry one vote per share and carry the right to dividends as and when declared by the Company.

Notes:

- (i) On 18 January 2017, the Company completed a placement of 25,400,000 ordinary shares under general mandate to certain independent third parties at an issue price of HK\$3.82 each (the "Placing") 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 rank pari passu in all respects with the then existing shares.
- (ii) On 6 June 2017, the Board proposed to implement 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 was approved by the Shareholders on 28 June 2017 and became effective on 6 July 2017. Immediate 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.

19 PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets to banks as security for the loan facilities granted to the Group:

	30 June 2017 US\$'000 (Unaudited)	31 December 2016 US\$'000 (Audited)
Property, plant and equipment	14,263	14,378

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

20 RELATED PARTY DISCLOSURES

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

- (a) During the period ended 30 June 2017, the Group has the following transaction with a related party that is not a member of the Group:

Related party	Nature of transaction	Six months ended 30 June	
		2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Poly Investment & Finance Limited ("PIF")	Rental expense (Note)	35	–

Note:

The amount represents rental expense paid to PIF in which Mr. Suen Cho Hung, Paul (a substantial shareholder of the Company) is the controlling shareholder and Mr. Sue Ka Lok is a director of both the Company and PIF.

- (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	
	2017 US\$'000 (Unaudited)	2016 US\$'000 (Unaudited)
Short-term benefits	115	150
Post-employment benefits	7	5
	122	155

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

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).

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 2017 US\$'000 (Unaudited)	31 December 2016 US\$'000 (Audited)				
AFS investments	9,437	-	Level 1	Quoted prices in active markets	N/A	N/A
Listed debt securities						
Financial assets of FVTPL	2,996	-	Level 1	Quoted prices in an active market	N/A	N/A
Listed equity securities						
Unlisted debt securities	-	645	Level 2	Quoted prices in an over-the-counter market	N/A	N/A

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

22 DISPOSAL OF A SUBSIDIARY

On 26 June 2017, 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 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 a 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	<u>1,449</u>
Cash consideration received	1,500
Net asset disposed of	<u>(1,449)</u>
Gain on disposal of a subsidiary	<u>51</u>
Cash inflow from disposal of a subsidiary:	
Cash consideration received	<u>1,500</u>

23 EVENT AFTER THE REPORTING PERIOD

Save for the Share Subdivision as mentioned in note 18(ii), there was no other material event after the reporting period.

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 2017 are authorised for issue by the Board on 29 August 2017.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the Shareholders at the annual general meeting of the Company held on 28 June 2017 and the subsequent approvals of the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong, the name of the Company has been changed from “Courage Marine Group Limited” to “Courage Investment Group Limited” and the Chinese name “勇利投資集團有限公司” has been adopted as the secondary name of the Company in place of its existing Chinese secondary name “勇利航業集團有限公司”.

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

As at 30 June 2017, 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 Company’s circular dated 29 May 2017.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “SHARE OPTION SCHEME” above, at no time during the six months ended 30 June 2017 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.

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2017, 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	29,090,022 (Note)	19.08%
Brilliant Epic Asia Limited ("Brilliant Epic")	Interest of controlled corporation	29,090,022 (Note)	19.08%
Success United Development Limited ("Success United")	Beneficial owner	29,090,022 (Note)	19.08%
Zhou Xunlan	Beneficial owner	8,595,200	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 29,090,022 shares of the Company held by Success United under the SFO.

The interests of Mr. Suen, Brilliant Epic and Success United in 29,090,022 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 2017 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 (the "CG Code") as set out in Appendix 14 of the Hong Kong Listing Rules throughout the six months ended 30 June 2017 except for the following deviation with reason as explained:

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Other Information

Deviation

During the six months ended 30 June 2017, there has been a deviation from the code provision A.4.1 before 29 March 2017 since Mr. Ngiam Zee Moey, (“Mr. Ngiam”), an Independent Non-executive Director, was not appointed for a specific term but was subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company’s bye-laws. However, the aforesaid deviation was rectified and the code provision A.4.1 has been complied with as Mr. Ngiam has entered into a letter of appointment with the Company with a specific term on 29 March 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of 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 2017.

UPDATE ON DIRECTORS’ INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules since the date of the Company’s last published annual report up to 25 September 2017, being the latest practicable date before printing of this interim report:

1. Mr. Sue Ka Lok (“Mr. Sue”) has been appointed as an executive director of PYI Corporation Limited (stock code: 498) with effect from 25 April 2017; and was redesignated from an executive director to a non-executive director of Birmingham Sports Holdings Limited (formerly known as Birmingham International Holdings Limited) (stock code: 2309) with effect from 1 May 2017. Both of the above companies are listed on the Main Board of the Hong Kong Stock Exchange. Mr. Sue resigned as the company secretary of China Strategic Holdings Limited (“China Strategic”) (stock code: 235) with effect from 2 May 2017. All of the above companies are listed on the Main Board of the Hong Kong Stock Exchange.
2. Ms. Chan Yuk Yee has been appointed as the company secretary of China Strategic with effect from 2 May 2017 and resigned as the company secretary of Enviro Energy International Holdings Limited (stock code: 1102), a company listed on the Main Board of the Hong Kong Stock Exchange, with effect from 15 September 2017.
3. Mr. To Yan Ming, Edmond has been appointed as an independent non-executive director of Asia Grocery Distribution Limited (stock code: 8413), a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, with effect from 27 March 2017.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2017 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 2017, 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, 29 August 2017