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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The Board of Directors (the “**Board**”) of Courage Investment Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred as the “**Group**”) for the six months ended 30 June 2018 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	<i>Notes</i>	Six months ended 30 June	
		2018	2017
		<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	4,341	3,364
Cost of goods sold and direct expenses		(3,662)	(2,735)
Other income		7	53
Other gains and losses, net	5	(1,603)	(59)
Administrative expenses		(589)	(688)
Share of result of a joint venture		(2)	(536)
Finance costs		(401)	(382)
Loss for the period attributable to owners of the Company	7	(1,909)	(983)

Six months ended 30 June

		2018	2017
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive (expense) income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of a foreign operation		(77)	108
Net decrease in fair value of debt instruments at fair value through other comprehensive income		(871)	–
Net decrease in fair value of available-for-sale investments		–	(159)
		<u> </u>	<u> </u>
Other comprehensive expense for the period		(948)	(51)
		<u> </u>	<u> </u>
Total comprehensive expense for the period attributable to owners of the Company		<u>(2,857)</u>	<u>(1,034)</u>
Loss per share attributable to owners of the Company (US cent)			
Basic	9	<u>(0.42)</u>	<u>(0.22)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		As at 30 June 2018 <i>US\$'000</i> (Unaudited)	As at 31 December 2017 <i>US\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		19,275	19,501
Investment property		9,806	9,058
Interest in a joint venture		4,406	4,485
Debt instruments at fair value through other comprehensive income	<i>10</i>	8,589	–
Available-for-sale investments		–	9,539
		42,076	42,583
Current assets			
Inventories		523	521
Available-for-sale investments		–	200
Trade receivables	<i>11</i>	360	513
Other receivables and prepayments		1,479	916
Amount due from a joint venture		669	669
Financial assets at fair value through profit or loss	<i>12</i>	5,334	8,067
Time deposit		500	500
Cash and cash equivalents		2,061	2,744
		10,926	14,130
Total assets		53,002	56,713

		As at 30 June 2018 <i>US\$'000</i> (Unaudited)	As at 31 December 2017 <i>US\$'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade payables	<i>13</i>	898	556
Deposits received, other payables and accruals		1,441	1,292
Borrowings – due within one year	<i>14</i>	10,111	4,116
		<u>12,450</u>	<u>5,964</u>
Capital and reserves			
Share capital		27,443	27,443
Reserves		7,457	10,314
		<u>34,900</u>	<u>37,757</u>
Non-current liabilities			
Borrowings – due more than one year	<i>14</i>	5,652	12,992
		<u>53,002</u>	<u>56,713</u>
Total liabilities and equity			
		<u>(1,524)</u>	<u>8,166</u>
Net current (liabilities) assets			
		<u>40,552</u>	<u>50,749</u>
Total assets less current liabilities			

Notes:

1 General

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

2 Principal accounting policies

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

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

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

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

Except as described below, the application of the new and amendments to IFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

Summary of effects arising from initial application of IFRS 9

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

	<i>Note</i>	Available-for-sale (“AFS”) investments <i>US\$’000</i>	Equity instruments at fair value through other comprehensive income (“FVTOCI”) <i>US\$’000</i>	Debt instruments at FVTOCI <i>US\$’000</i>
Closing balance at 31 December 2017				
– IAS 39		9,739	–	–
Effect arising from initial application of IFRS 9:				
Reclassification				
From AFS investments	(a)	(9,739)	79	9,660
Opening balance at 1 January 2018		<u>–</u>	<u>79</u>	<u>9,660</u>

Note:

(a) AFS investments

From AFS equity investments to FVTOCI

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

From AFS debt investments to FVTOCI

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

3 Segment information

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

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

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

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

Segment revenue and results

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

	Marine transportation services				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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	<u>1,184</u>	<u>845</u>	<u>2,728</u>	<u>1,709</u>	<u>124</u>	<u>668</u>	<u>305</u>	<u>142</u>	<u>4,341</u>	<u>3,364</u>
Segment results	<u>201</u>	<u>(197)</u>	<u>36</u>	<u>(71)</u>	<u>868</u>	<u>1,373</u>	<u>(2,125)</u>	<u>(632)</u>	<u>(1,020)</u>	<u>473</u>
Unallocated:										
Corporate income									83	26
Corporate expenses									(569)	(564)
Share of result of a joint venture									(2)	(536)
Finance costs									(401)	(382)
Loss for the period									<u>(1,909)</u>	<u>(983)</u>

Segment assets

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

	Marine transportation services				Property holding and investment		Investment holding		Total	
	As at 30 June		As at 31 December		As at 30 June		As at 31 December		As at 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	<u>21,217</u>	<u>20,380</u>	<u>861</u>	<u>959</u>	<u>14,889</u>	<u>14,298</u>	<u>14,430</u>	<u>18,304</u>	<u>51,397</u>	<u>53,941</u>
Unallocated corporate assets									<u>1,605</u>	<u>2,772</u>
Total assets									<u>53,002</u>	<u>56,713</u>

4 Revenue

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

Note:

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

5 Other gains and losses, net

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

Note:

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

6 Income tax expense

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

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

7 Loss for the period

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

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

8 Dividend

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

9 Loss per share

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

	Six months ended 30 June	
	2018	2017
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company	<u>(1,909)</u>	<u>(983)</u>
	Six months ended 30 June	
	2018	2017
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period (<i>note</i>)	<u>457,377</u>	<u>450,220</u>

Note:

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

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

10 Debt instruments at fair value through other comprehensive income

Debt instruments at FVTOCI comprise:

	As at	As at
	30 June	31 December
	2018	2017
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Listed debt securities (<i>note</i>)	<u>8,589</u>	<u>–</u>

Note:

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

11 Trade receivables

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

	As at 30 June 2018 US\$'000 (Unaudited)	As at 31 December 2017 US\$'000 (Audited)
0 to 90 days	360	468
91 to 180 days	—	45
	<u>360</u>	<u>513</u>

12 Financial assets at fair value through profit or loss

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

Note:

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

13 Trade payables

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

	As at 30 June 2018 US\$'000 (Unaudited)	As at 31 December 2017 US\$'000 (Audited)
61 to 90 days	898	112
Over 90 days	—	444
	<u>898</u>	<u>556</u>

14 Borrowings

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

The borrowings as at 30 June 2018 and 31 December 2017 were secured by the followings:–

- (i) corporate guarantee from the Company on the outstanding loan balances;
- (ii) first preferred mortgage over the vessels held by Zorina Navigation Corp. and Heroic Marine Corp., named “MV Zorina” and “MV Heroic” respectively; and
- (iii) assignment of insurance proceeds in respect of vessels MV Zorina and MV Heroic.

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

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

15 Event after reporting period

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

INTERIM DIVIDEND

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

BUSINESS REVIEW

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

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

Marine transportation services

During the first half of 2018, the Group's marine transportation business generated a revenue of US\$1,184,000, which showed an increase of 40% from the prior period (30 June 2017: US\$845,000), and recorded an operating profit of US\$201,000 in contrast to the operating loss of US\$197,000 in the prior period. The increase in revenue that coupled with the turnaround of the results was mainly due to the increase in charter rates of the operation's self-owned vessel during the review period, resulting mainly from the improved market conditions of vessel chartering business, as well as the commencement of the charter-in and charter-out vessel ("CICOV") business. As a measure to expand the scope and operations of the marine transportation business, the Group has commenced its CICOV business in late June 2018 by chartering-in three Panamax size vessels with a view of providing more options to customers in terms of mode of chartering i.e. voyage or time charter and duration of chartering period. The management anticipates that the CICOV business would contribute positively to the overall financial performance of the Group's marine transportation business and expand its scale of operation. Based on time chartering contracts on hand, it is expected that the utilisation rate of the Group's self-owned vessels will be over 90% in year 2018. The outlook for market conditions of vessel chartering has become more positive commencing from the second half of 2017 as indicated by the rise of BDI, which has a close correlation to freight rate, from 822 points in July 2017 to over 1,400 points in June 2018, and has been hovering over 1,600 points level since July 2018. Nevertheless, the market conditions have become rather volatile lately owing to the trade wars between the United States and China and other countries/economic group, subject to the developments and outcomes of these trade wars, the Group is contemplating to expand its marine transportation services business through acquisition of an additional dry-bulk vessel, further announcement will be made by the Company in due course if such acquisition materialized.

Property holding and investment

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

Investment holding

The Group's investment holding business contributed a revenue of US\$305,000 (30 June 2017: US\$142,000) and incurred a loss of US\$2,125,000 (30 June 2017: US\$632,000) in the first half of 2018. During the current period, the Group continued to invest in listed equity securities and corporate bonds. The corporate bonds acquired by the Group were issued by property and aircraft leasing companies listed on the Hong Kong Stock Exchange or SGX-ST with yield to maturity upon acquisition of these bonds ranging from approximately 4.68% to 8.75% per annum.

At the period end, the Group's investments classified as "financial assets at FVTPL" of US\$5,334,000 (31 December 2017: US\$8,067,000) represented a portfolio of listed equity securities held, and the Group's investments classified as "debt instruments at FVTOCI" of US\$8,589,000 (31 December 2017: US\$9,660,000) represented a portfolio of corporate bonds held (these investments were previously classified as AFS investments in the prior period).

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

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

Merchandise trading

The Group continued to develop its merchandise trading business which focusing on trading of consumable goods relating to infant and personal care products as well as electronic components during the review period. The business generated a revenue of US\$2,728,000 (30 June 2017: US\$1,709,000), increased by 60%, and registered a turnaround of its results by reporting an operating profit of US\$36,000 in contrast to the loss of US\$71,000 recorded in the prior period. The sharp rise of the operation's revenue was mainly due to the increase of its trade volume and the expanded range of goods traded.

Share of results of a joint venture

During the first half of 2018, the Group shared the loss of a joint venture amounting to US\$2,000 (30 June 2017: US\$536,000). The share of loss in the prior period was mainly related to the decrease in fair value of an industrial property in Shanghai, China held by the joint venture, the property is vacant at present and is intended for leasing. The carrying value of the investment in the joint venture was US\$4,406,000 at the period end (31 December 2017: US\$4,485,000).

Overall results

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

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

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

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

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

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

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

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

Use of proceeds from shares placement

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

Placing of new shares

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

PROSPECTS

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

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

Looking forward, the management will keep up their efforts in managing the businesses of the Group and will continue to seize investment/business opportunities with attractive returns aiming to create value to our shareholders. Particular emphasis will be placed on investment/business opportunities linking with the “One Belt, One Road” and “Greater Bay Area” initiatives strongly supported by the Chinese Government, which are beneficial to Hong Kong’s long-term economic prospects.

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 2018.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2018 have not been audited, but have been reviewed by the Audit Committee of the Company and have been duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 June 2018, 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, 30 August 2018

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