



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)

2022
INTERIM REPORT



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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
“Director(s)”	director(s) of the Company
“dwt”	dead weight tonnage
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$” and “US cent”	United States dollars and cent, the lawful currency of the United States of America
“%”	per cent.

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

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sue Ka Lok (*Chairman*)
Ms. Wang Yu

Non-executive Director

Dr. Feng Xiaogang

Independent Non-executive Directors

Mr. Zhou Qijin
Mr. Pau Shiu Ming
Mr. Tsao Hoi Ho

AUDIT COMMITTEE

Mr. Tsao Hoi Ho (*Chairman*)
Mr. Zhou Qijin
Mr. Pau Shiu Ming

REMUNERATION COMMITTEE

Mr. Pau Shiu Ming (*Chairman*)
Mr. Zhou Qijin
Mr. Tsao Hoi Ho

NOMINATION COMMITTEE

Mr. Zhou Qijin (*Chairman*)
Mr. Pau Shiu Ming
Mr. Tsao Hoi Ho
Mr. Sue Ka Lok

CHIEF EXECUTIVE OFFICER

Mr. Yuen Chee Lap, Carl

COMPANY SECRETARY

Ms. Wang Yu

DEPUTY COMPANY SECRETARY

Ms. Lee Pih Peng

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

Room 2113, 21st Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS AND FINANCIER

Bank of Communications Co., Ltd.,
Hong Kong Branch
Bank of Communications (Hong Kong) Limited
Hang Seng Bank Limited
SinoPac Capital International (HK) Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

SINGAPORE SHARE TRANSFER AGENT

Unit Trust/Share Registration
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
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WEBSITE

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Management Discussion and Outlook

BUSINESS REVIEW

During the six months ended 30 June 2022 (“HY2022”), the Group continued to principally engage in the business of marine transportation, investment holding, property holding and investment, and merchandise trading.

Overall speaking, the market conditions of the Group’s marine transportation business had further improved during the review period primarily as a result of the revival of economic activities worldwide following the easing of the COVID pandemic, amidst the new market uncertainties brought by the war between Russia and Ukraine, and the intermittent disruptions to the global supply chain owing to congestions of some main ports including the ones in China. For HY2022, the Group reported an increase in revenue by 80% to US\$7,405,000 (30 June 2021: US\$4,119,000), which was driven by the increase in revenue of the marine transportation business, and recorded an increase in profit attributable to owners of the Company by 124% to US\$1,575,000 (30 June 2021: US\$703,000). Basic earnings per share were US0.14 cent (30 June 2021: US0.06 cent).

Marine transportation

For HY2022, the revenue of the Group’s marine transportation business increased by 100% to US\$7,265,000 (30 June 2021: US\$3,636,000), and with its profit increased by 249% to US\$4,029,000 (30 June 2021: US\$1,154,000). The increases in revenue and profit of the operation were mainly attributed to the further improvement of market conditions of the marine chartering industry and the general increase in charter rates of the Group’s vessels during the period, which were largely resulted from the revival of economic activities worldwide following the easing of the COVID pandemic, including the full re-activation of major economies including China, the US and Europe, notwithstanding the new market uncertainties brought by the war between Russia and Ukraine, and the intermittent disruptions to the global supply chain owing to congestions of some main ports including the ones in China.

The BDI, which is closely correlated to market freight rate, fluctuated considerably during HY2022 by hitting its low of about 1,300 points in January 2022, rebounded to over 3,300 points in May 2022, and was hovering between the 2,000 to 3,000 points level throughout a large part of the period, compared to the 1,500 to 3,000 points level in the first half of 2021. Although market freight rates continue to fluctuate considerably, the current market outlook of the marine transportation business remains positive following the revival of economic activities worldwide and the Group is prudently optimistic about the prospects of the marine transportation business in the medium to long term.

The carrying capacity of the Group’s dry bulk fleet, which currently comprises three Supramax class vessels, is approximately 171,000 dwt. The Group has yet to acquire a second-hand Supramax vessel as the price of this vessel class has increased significantly since 2021 and the market conditions of second-hand dry bulk vessels, particularly in terms of asking price, are rather volatile. The Group has not yet identified a suitable target vessel as of the date of this interim report. Nevertheless, the Group will continue with its plan of acquiring a second-hand dry bulk vessel, and may include the Panamax class carrier with greater carrying capacity (i.e. about 75,000 dwt) than Supramax as its target vessel type, which will allow more options to the Group, when market conditions become clearer and stable. The Group will inform shareholders of any update of the vessel acquisition as and when appropriate.

Management Discussion and Outlook

Investment holding

The Group's investment holding business contributed a revenue of US\$140,000 (30 June 2021: US\$392,000) and recorded a loss of US\$1,463,000 (30 June 2021: profit of US\$389,000) for HY2022. The revenue of the business represented interest income from corporate bonds held by the Group and the loss incurred was mainly due to the recognition of allowance for credit losses on debt instruments (i.e. corporate bonds) at fair value through other comprehensive income ("FVTOCI") of US\$1,617,000 (30 June 2021: nil). The recognition of the credit losses was primarily a result of the further deterioration of the financial position of the issuer of the corporate bonds held by the Group during the review period. These bond issuers are all property companies based in the Mainland and their credit ratings have been downgraded by the credit agencies, and some of the bonds held by the Group are in default status due to non-payments of interest and/or principal.

As the Group expected the uncertainties of the financial position of these bond issuers would ultimately affect the collection of contractual cash flows from their bonds, an allowance for credit losses on debt instruments at FVTOCI of US\$1,617,000 (30 June 2021: nil), which mainly reflected the significant increase of credit risks of these bonds, was recognised during the period. The Group had engaged an independent qualified professional valuer to perform an impairment assessment on these debt instruments under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default and the loss given default (i.e. the magnitude of the loss if there is a default), and the assessment of the probability of default and loss given default is based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining the ECL on the Group's debt instruments for the period, the management had worked closely with the independent qualified professional valuer and taken into account factors including the downgrading of credit rating of the bond issuers by the credit rating agencies and the defaults of some of the bond issuers in their payments of interest and/or principal, and forward-looking information including the future macroeconomic conditions affecting the operations of the bond issuers.

During HY2022, the Group continued to invest in listed corporate bonds. The corporate bonds held by the Group at the period end were issued by property companies with a yield to maturity upon acquisition of these bonds ranging from approximately 5.37% to 12.33% per annum. The Group's investment strategy of corporate bonds is to target for bonds with good interest yield that commensurate with their default risk. For making investment decisions on bonds of individual target company, references will usually be made to its announcements, news, latest financial information, dividend policy and business prospects.

At the period end, the Group's investments classified as debt instruments at FVTOCI comprised a current and a non-current portion totalling US\$1,721,000 (31 December 2021: US\$6,545,000) which represented a portfolio of corporate bonds. The Group had not made any new investments in corporate bonds during the period. During HY2022, certain debt instruments with a total principal amount of US\$2,400,000 were matured and redeemed in full.

For HY2022, a net decrease in fair value of the Group's debt instruments at FVTOCI of US\$2,424,000 (30 June 2021: US\$501,000) was recognised as other comprehensive expense primarily owing to the decrease of their market values.

Management Discussion and Outlook

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

Issuer/issuer group	Principal activities of the issuer/issuer group	Approximate weighting to the market/fair value of the Group's debt instruments at FVTOCI portfolio	Approximate weighting to the total assets of the Group at 30 June 2022	Yield to maturity upon acquisition	Acquisition costs	Carrying amount at 1 January 2022	Market/fair value at 30 June 2022	Accumulated fair value loss recognised up to 30 June 2022	Fair value gain (loss) recognised during the period ended 30 June 2022
		%	%	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
					A	B	C	D=C-A	E=C-B
China Evergrande Group	Property related business	17.4	0.4	8.22 – 8.75	3,401	573	299	(3,102)	(274)
Logan Group Company Limited	Property related business	25.2	0.6	5.48	1,978	1,940	434	(1,544)	(1,506)
KWG Group Holdings Limited	Property related business	25.4	0.6	5.37	1,029	805	437	(592)	(368)
Kaisa Group Holdings Ltd.	Property related business	6.3	0.2	11.68 – 11.75	799	212	109	(690)	(103)
Others	N/A	25.7	0.6	6.72 – 12.33	1,196	626	442	(754)	(184)
		100.0	2.4		8,403	4,156	1,721	(6,682)	(2,435)

Property holding and investment

In February 2022, the Group entered into a conditional provisional sale and purchase agreement with an independent third party to dispose of the Group's investment property at a consideration of HK\$68,300,000 (equivalent to US\$8,756,000). The transaction was approved by the Company's shareholders in a special general meeting held on 28 April 2022 and was completed on 6 June 2022. Upon completion of the disposal, a loss on disposal of US\$183,000 representing the direct expenses related to the disposal was recognised, which largely accounted for the loss incurred by the business for the period of US\$198,000 (30 June 2021: profit of US\$52,000). For HY2022, the Group's property holding and investment business had no revenue (30 June 2021: US\$91,000) as the investment property, being an office unit at Shun Tak Centre, Sheung Wan, Hong Kong, was vacant during the review period before it was disposed of. The Group is not holding any investment property at present and will seek for acquisition opportunities of investment properties with good rental yield and/or high appreciation potential.

Merchandise trading

For HY2022, mainly owing to the prolonged continuation of the COVID pandemic, the Group's merchandise trading business, which focusing on trading of electronic components, remained in temporary halt, and there was no revenue (30 June 2021: nil) and profit (30 June 2021: nil) generated from the business. The Group intends to resume the business when market conditions improve.

Share of result of a joint venture

For HY2022, the loss of a joint venture shared by the Group amounted to US\$1,000 (30 June 2021: US\$1,000) which was mainly related to the administrative expenses incurred by the joint venture. At 30 June 2022, the carrying value of the Group's investment in the joint venture was US\$4,901,000 (31 December 2021: US\$5,167,000). The major asset held by the joint venture is an industrial property in Shanghai, China which is vacant at present and is intended for leasing.

Management Discussion and Outlook

OVERALL RESULTS

For HY2022, the Group recorded a profit attributable to owners of the Company of US\$1,575,000 (30 June 2021: US\$703,000) and total comprehensive income attributable to owners of the Company of US\$490,000 (30 June 2021: US\$255,000). Such increase in profit was mainly attributed to the increase in profit contribution from the Group's marine transportation operation to US\$4,029,000 (30 June 2021: US\$1,154,000), though partly offset by the recognition of an allowance for credit losses on debt instruments at FVTOCI of US\$1,617,000 (30 June 2021: nil).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During HY2022, the Group financed its operation mainly by cash generated from operations, credit facilities provided by a financial institution as well as shareholders' funds. At 30 June 2022, the Group had current assets of US\$21,040,000 (31 December 2021: US\$13,122,000) and liquid assets comprising bank balances and cash of US\$18,115,000 (31 December 2021: US\$7,640,000). The Group's current ratio, calculated based on current assets over current liabilities of US\$2,806,000 (31 December 2021: US\$5,374,000), was at a strong ratio of about 7.50 at the period end (31 December 2021: 2.44). The significant increase in current ratio was mainly attributed to the net proceeds received from the disposal of an investment property with carrying value of US\$8,756,000 during the review period, which in turn led to the increase in bank balances.

At 30 June 2022, the equity attributable to owners of the Company amounted to US\$61,942,000 (31 December 2021: US\$61,452,000), increased by US\$490,000 compared with the prior year end that was mainly resulted from the profit earned by the Group, after partly offsetting by the other comprehensive expense incurred during the current period.

At the period end, the Group's borrowings represented loans from a financial institution mainly applied for financing the holdings of vessels. The borrowings comprised a non-current portion of US\$3,817,000 and a current portion of US\$2,122,000. At 30 June 2022, the borrowings were denominated in United States dollars, bore interests at floating rates, and were secured by two vessels owned by the Group. The following is an analysis of the Group's borrowings and maturity profile:

	At 30 June 2022 US\$'000	At 31 December 2021 US\$'000
Secured loans	<u>5,939</u>	<u>9,786</u>
The carrying amounts of the loans are repayable*:		
Within a period of not exceeding one year	2,122	4,908
Within a period of more than one year but not exceeding two years	3,817	2,122
Within a period of more than two years but not exceeding five years	–	2,756
	<u>5,939</u>	<u>9,786</u>

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

Management Discussion and Outlook

For HY2022, the Group's finance costs of US\$167,000 (30 June 2021: US\$240,000) represented mainly interests for the borrowings, finance costs decreased by 30% was mainly a result that the Group had fully repaid a bank loan of US\$2,786,000 in March 2022.

The Group's gearing ratio, calculated on the basis of total borrowings of US\$5,939,000 (31 December 2021: US\$9,786,000) divided by total equity of US\$61,942,000 (31 December 2021: US\$61,452,000), was at a low ratio of about 10% at the period end (31 December 2021: 16%).

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

Use of proceeds from the Open Offer

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

Owing to the revival of economic activities worldwide following the easing of the COVID pandemic, the outlook of the marine transportation industry has improved and remained positive, the price range of the second-hand Supramax vessels with varying specifications that are under consideration by the management has further increased to around US\$16 million to US\$19 million, about 80% higher than the original estimate of US\$7 million to US\$12 million and marking a 5-year high of market price. The current asking price of second-hand vessels in the market exceed the management's original estimate considerably and the prevailing market conditions, as reflected in the fluctuating BDI and freight rates, remain volatile. Taking into consideration of the high acquisition cost and fluctuating income flows from chartering out the vessel, the management has continued to adopt a prudent and disciplined approach in its investment decision and decided that acquiring a second-hand dry bulk vessel is not commercially beneficial at present. Having said that, it is still the intention of the Group to reutilise the remaining net proceeds of the Open Offer of US\$5,800,000 to acquire a second-hand dry bulk vessel when the worldwide economic environment becomes more stable, and may include the Panamax class carrier with greater carrying capacity than Supramax as its target vessel type, which will allow more options to the Group. The management will continue to closely monitor the market conditions and will make further announcement as and when appropriate.

Management Discussion and Outlook

Foreign currency management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in United States dollars and Hong Kong dollars. During HY2022, the Group had not experienced any significant exposure to exchange rate fluctuations, as such, the Group had not entered into any financial arrangements for hedging purposes. Appropriate measures will be undertaken by the Group should exchange rate fluctuations become significant.

Pledge of assets

At 30 June 2022, two vessels (31 December 2021: three vessels) with an aggregate carrying amount of US\$26,943,000 (31 December 2021: US\$42,279,000) (including dry-docking) were pledged to a financial institution (31 December 2021: a bank and a financial institution) as security for the loan facilities granted to the Group.

Contingent liabilities

At 30 June 2022, the Group had no significant contingent liability (31 December 2021: nil).

Capital commitments

At 30 June 2022, the Group had no significant capital commitment (31 December 2021: nil).

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2022, the Group had 16 (31 December 2021: 16) employees including directors of the Company. For HY2022, staff costs (including directors' emoluments) amounted to US\$335,000 (30 June 2021: US\$296,000). 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 (the "MPF 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.

The Group's contributions to the MPF Scheme for its employees are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the MPF Scheme that may be used by the Group to reduce the existing level of contributions.

During HY2022, the Group continued to engage a crew agency to provide crew services (about 44 crew members) for two of the Group's vessels, crew expenses for the period amounting to US\$1,349,000 (30 June 2021: US\$887,000).

PROSPECTS

During HY2022, the market conditions of the Group's marine transportation business had further improved primarily as a result of the revival of economic activities worldwide following the easing of the COVID pandemic. Nevertheless, the war between Russia and Ukraine, the high oil price, and the fast rising inflation and interest rate hikes in some countries including the US and the UK have brought new uncertainties to the global economy.

Looking forward, the Group will continue with its plan of acquiring a second-hand dry bulk vessel, and may include the Panamax class carrier with greater carrying capacity than Supramax as its target vessel type, which will allow more options to the Group, when market conditions become clearer and stable. The Group will make further announcement(s) in this regard as and when appropriate. Moreover, the Group will continue to manage its businesses in a disciplined manner, as well as to explore potential investment and acquisition opportunities and business enhancement strategies which are expected to bring long-term benefits to the Group.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Revenue			
Marine transportation income		7,265	3,636
Interest income		140	392
Property rental income		–	91
Total revenue	3	7,405	4,119
Cost of goods sold and direct expenses		(3,240)	(2,493)
Other income		61	19
Other gains and losses, net	5	(173)	(36)
Administrative expenses		(693)	(665)
Allowance for credit losses on debt instruments at fair value through other comprehensive income	12	(1,617)	–
Share of result of a joint venture		(1)	(1)
Finance costs		(167)	(240)
Profit for the period attributable to owners of the Company	7	1,575	703
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture		(265)	53
Net decrease in fair value of debt instruments at fair value through other comprehensive income		(2,424)	(501)
Release on redemption of debt instruments at fair value through other comprehensive income		(13)	–
Allowance for credit losses on debt instruments at fair value through other comprehensive income	12	1,617	–
Other comprehensive expense for the period, net of income tax		(1,085)	(448)
Total comprehensive income for the period attributable to owners of the Company		490	255
Basic earnings per share attributable to owners of the Company (US cent)	9	0.14	0.06

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	At 30 June 2022 US\$'000 (Unaudited)	At 31 December 2021 US\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	42,753	42,345
Deposit paid for acquisition of property, plant and equipment		196	195
Right-of-use asset		73	135
Investment property	11	–	8,756
Interest in a joint venture		4,901	5,167
Debt instruments at fair value through other comprehensive income	12	337	2,731
		48,260	59,329
Current assets			
Trade receivables	13	137	–
Other receivables and prepayments		735	999
Amount due from a joint venture		669	669
Debt instruments at fair value through other comprehensive income	12	1,384	3,814
Bank balances and cash		18,115	7,640
		21,040	13,122
Total assets		69,300	72,451

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	At 30 June 2022 US\$'000 (Unaudited)	At 31 December 2021 US\$'000 (Audited)
Current liabilities			
Deposits received, other payables and accruals		186	311
Contract liabilities		416	15
Borrowings – due within one year	14	2,122	4,908
Lease liabilities		82	140
		2,806	5,374
Net current assets			
		18,234	7,748
Total assets less current liabilities			
		66,494	67,077
Capital and reserves			
Share capital	15	1,098	1,098
Reserves		60,844	60,354
Total equity			
		61,942	61,452
Non-current liabilities			
Borrowings – due more than one year	14	3,817	4,878
Deposit received		735	735
Lease liabilities		–	12
		4,552	5,625
Total liabilities and equity			
		69,300	72,451

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Investment revaluation reserve US\$'000	Other reserve US\$'000 (Note)	Exchange reserve US\$'000	(Accumulated losses) retained profits US\$'000	Total US\$'000
At 1 January 2021 (audited)	549	-	41,029	(382)	10,362	251	(2,269)	49,540
Profit for the period	-	-	-	-	-	-	703	703
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture	-	-	-	-	-	53	-	53
Net decrease in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(501)	-	-	-	(501)
Total comprehensive (expense) income for the period	-	-	-	(501)	-	53	703	255
Issue of shares under the open offer (note 15)	549	8,599	-	-	(8,831)	-	-	317
Transaction costs attributable to issue of shares (note 15)	-	(527)	-	-	-	-	-	(527)
At 30 June 2021 (unaudited)	1,098	8,072	41,029	(883)	1,531	304	(1,566)	49,585
At 1 January 2022 (audited)	1,098	8,072	41,029	1,116	1,531	387	8,219	61,452
Profit for the period	-	-	-	-	-	-	1,575	1,575
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture	-	-	-	-	-	(265)	-	(265)
Net decrease in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(2,424)	-	-	-	(2,424)
Release on redemption of debt instruments at fair value through other comprehensive income	-	-	-	(13)	-	-	-	(13)
Allowance for credit losses on debt instruments at fair value through other comprehensive income	-	-	-	1,617	-	-	-	1,617
Total comprehensive (expense) income for the period	-	-	-	(820)	-	(265)	1,575	490
At 30 June 2022 (unaudited)	1,098	8,072	41,029	296	1,531	122	9,794	61,942

Note: At 30 June 2022, other reserve of US\$1,531,000 represented the excess of the fair value of a property interest transferred to the joint venture of the Group attributable to the Group over the carrying amount of a deferred consideration receivable, which was settled by an independent third party in the prior year.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Operating activities			
Profit for the period		1,575	703
Adjustments for:			
Interest income		(166)	(396)
Interest expenses		167	240
Loss on disposal of an investment property	5	183	–
Decrease in fair value of an investment property	5	–	39
Depreciation of property, plant and equipment	7	1,148	685
Depreciation of right-of-use asset	7	62	63
Net gain on redemption of debt instruments at fair value through other comprehensive income	5	(13)	–
Allowance for credit losses on debt instruments at fair value through other comprehensive income	12	1,617	–
Share of result of a joint venture		1	1
Operating cash flows before movements in working capital		4,574	1,335
(Increase) decrease in trade receivables		(137)	94
Decrease in other receivables and prepayments		243	76
Decrease in deposits received, other payables and accruals		(123)	(10)
Increase in contract liabilities		401	117
Net cash from operations		4,958	1,612
Interest income received		187	501
Interest expenses paid		(167)	(231)
Net cash from operating activities		4,978	1,882

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Investing activities			
Purchase of property, plant and equipment		(1,361)	(4)
Deposit paid for acquisition of property, plant and equipment		(196)	–
Proceeds from redemption of debt instruments at fair value through other comprehensive income		2,400	–
Net proceeds from disposal of an investment property		8,573	–
Net cash from (used in) investing activities		9,416	(4)
Financing activities			
Subscription monies received from the open offer	15	–	317
Transaction costs attributable to issue of shares	15	–	(527)
Repayment of borrowings		(3,847)	(4,454)
Repayment of lease liabilities		(72)	(71)
Net cash used in financing activities		(3,919)	(4,735)
Net increase (decrease) in cash and cash equivalents		10,475	(2,857)
Cash and cash equivalents at the beginning of the period		7,640	10,032
Cash and cash equivalents at the end of the period, represented by bank balances and cash		18,115	7,175

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 2113, 21st 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 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 or as indicated.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are marine transportation, property holding and investment, investment holding and merchandise trading.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") 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 an investment property that are measured at fair values.

Other than changes in accounting policies resulting from the application of the 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 2022 are the same as those presented in the Group's audited consolidated financial statements for the year ended 31 December 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

3. REVENUE

Disaggregation of revenue from contracts with customers

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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)
Type of services:										
Marine transportation	6,457	2,741	-	-	-	-	-	-	6,457	2,741
Revenue from contracts with customers	6,457	2,741	-	-	-	-	-	-	6,457	2,741
Leases	808	895	-	91	-	-	-	-	808	986
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")	-	-	-	-	140	392	-	-	140	392
Total revenue	7,265	3,636	-	91	140	392	-	-	7,405	4,119

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	7,265	3,636	-	91	140	392	-	-	7,405	4,119
Segment results	4,029	1,154	(198)	52	(1,463)	389	-	-	2,368	1,595
Unallocated:										
Corporate income									45	4
Corporate expenses									(670)	(655)
Share of result of a joint venture									(1)	(1)
Finance costs									(167)	(240)
Profit for the period									1,575	703

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. SEGMENT INFORMATION (continued)

Segment assets

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021
	US\$'000 (Unaudited)	US\$'000 (Audited)	US\$'000 (Unaudited)	US\$'000 (Audited)	US\$'000 (Unaudited)	US\$'000 (Audited)	US\$'000 (Unaudited)	US\$'000 (Audited)	US\$'000 (Unaudited)	US\$'000 (Audited)
Segment assets	44,452	44,283	5,590	14,610	2,171	7,434	91	91	52,304	66,418
Unallocated corporate assets									16,996	6,033
Total assets									69,300	72,451

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Loss on disposal of an investment property	(183)	–
Decrease in fair value of an investment property	–	(39)
Net gain on redemption of debt instruments at FVTOCI	13	–
Net foreign exchange (loss) gain	(3)	3
	(173)	(36)

6. INCOME TAX EXPENSES

There is no assessable profit arising in Hong Kong for the six months ended 30 June 2022 and 2021.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	325	287
– Contributions to retirement benefits scheme	10	9
Total employee benefits expenses	335	296
Marine crew expenses	1,349	887
Allowance for credit losses on debt instruments at FVTOCI	1,617	–
Depreciation of property, plant and equipment	1,148	685
Depreciation of right-of-use asset	62	63
Interest income from banks	(26)	(4)

8. DIVIDEND

No dividend was paid, declared or proposed during the interim period (six months ended 30 June 2021: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	1,575	703

	Six months ended 30 June	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period	1,097,704	1,082,542

For the six months ended 30 June 2022 and 2021, no diluted earnings per share is presented as there were no dilutive potential ordinary shares outstanding during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, addition of property, plant and equipment amounted to US\$1,556,000 (six months ended 30 June 2021: US\$4,000).

Details of the pledge of property, plant and equipment are set out in note 16.

11. INVESTMENT PROPERTY

On 9 February 2022, the Group entered into a conditional provisional sale and purchase agreement with an independent third party to dispose of the Group's investment property at a consideration of HK\$68,300,000 (equivalent to US\$8,756,000). The transaction was completed on 6 June 2022. Upon completion of the disposal, a loss on disposal of US\$183,000 representing the direct expenses related to the disposal was recognised in profit or loss for the six months ended 30 June 2022.

At 31 December 2021, the fair value of the Group's investment property of HK\$68,300,000 (equivalent to US\$8,756,000) had been determined by taking into account the agreed consideration set out in the provisional sale and purchase agreement.

12. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2022 US\$'000 (Unaudited)	At 31 December 2021 US\$'000 (Audited)
Listed debt securities	1,721	6,545
Analysed for reporting purposes as:		
Current assets	1,384	3,814
Non-current assets	337	2,731
	1,721	6,545

The fair values of the listed debt securities were determined based on quoted market prices.

The Group had engaged an independent qualified professional valuer to perform an impairment assessment on the debt instruments at FVTOCI under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default and the loss given default (i.e. the magnitude of the loss if there is a default), and the assessment of the probability of default and loss given default is based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining the ECL on the Group's debt instruments at FVTOCI for the period, the management had worked closely with the independent qualified professional valuer and taken into account factors including the downgrading of credit rating of the issuers of the debt instruments at FVTOCI by the credit rating agencies and the defaults of some of the debt instrument issuers in their payments of interest and/or principal, and forward-looking information including the future macroeconomic factors (such as gross domestic product growth rate and unemployment rate) affecting the operations of the debt instrument issuers.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

12. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2022, an allowance for credit losses on debt instruments at FVTOCI of US\$1,617,000 (six months ended 30 June 2021: nil) was recognised in profit or loss with a corresponding adjustment to other comprehensive income.

13. TRADE RECEIVABLES

The credit periods for customers of time charter are from 0 day to 30 days (31 December 2021: 0 day to 30 days). An aged analysis of the Group's trade receivables from customers of marine transportation business based on invoice date at the end of the reporting period is as follows:

	At 30 June 2022 US\$'000 (Unaudited)	At 31 December 2021 US\$'000 (Audited)
Trade receivables		
– Aged within 30 days based on invoice date	137	–

14. BORROWINGS

	At 30 June 2022 US\$'000 (Unaudited)	At 31 December 2021 US\$'000 (Audited)
Secured loans	5,939	9,786
The carrying amounts of the loans are repayable*:		
Within a period of not exceeding one year	2,122	4,908
Within a period of more than one year but not exceeding two years	3,817	2,122
Within a period of more than two years but not exceeding five years	–	2,756
Total	5,939	9,786
Less: Amounts due within one year shown under current liabilities	(2,122)	(4,908)
Amounts shown under non-current liabilities	3,817	4,878
Effective interest rate (%) per annum	2.95 – 5.65	1.21 – 4.13

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

14. BORROWINGS (continued)

The Group's borrowings were denominated in United States dollars (31 December 2021: United States dollars) which were also the functional currencies of the respective entities of the Group.

At 30 June 2022, the loans were carrying interest at London Interbank Offered Rate ("LIBOR") (31 December 2021: LIBOR) plus certain basis points. The outstanding loans at 30 June 2022 were repayable within one to two years (31 December 2021: within one to three years).

The borrowings at 30 June 2022 were secured by the followings:

- (i) corporate guarantee from the Company;
- (ii) first preferred mortgage over the vessels held by Heroic Marine Corp. and Polyworld Marine Corp., named MV Heroic and MV Polyworld respectively; and
- (iii) assignment of insurance proceeds in respect of vessels MV Heroic and MV Polyworld.

The borrowings at 31 December 2021 were secured by the followings:

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

15. SHARE CAPITAL

	Number of shares '000	Amount US\$'000
Authorised:		
At 1 January 2021, 30 June 2021, 31 December 2021 and 30 June 2022 (US\$0.001 per share)	<u>180,000,000</u>	<u>180,000</u>
Issued and fully paid:		
At 1 January 2021 (US\$0.001 per share)	548,852	549
Issue of shares under the open offer	<u>548,852</u>	<u>549</u>
At 30 June 2021, 31 December 2021 and 30 June 2022 (US\$0.001 per share)	<u>1,097,704</u>	<u>1,098</u>

At 30 June 2022, all issued ordinary shares have a par value of US\$0.001 each (31 December 2021: US\$0.001 each), carry one vote per share and carry the rights to dividends as and when declared by the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

15. SHARE CAPITAL (continued)

In January 2021, the Company raised proceeds of US\$9,148,000 before expenses by way of an open offer of 548,851,784 offer shares at the subscription price of HK\$0.13 per offer share on the basis of one offer share for every one share held on the record date, of which a sum of US\$8,831,000 was received in December 2020 and the remaining sum of US\$317,000 was received in January 2021, the transaction costs attributable to the issue of shares amounted to US\$527,000. The new shares issued rank pari passu with the existing shares.

16. PLEDGE OF ASSETS

At 30 June 2022, two vessels (31 December 2021: three vessels) with an aggregate carrying amount of US\$26,943,000 (31 December 2021: US\$42,279,000) (including dry-docking) were pledged to a financial institution (31 December 2021: a bank and a financial institution) as security for the loan facilities granted to the Group.

17. RELATED PARTY DISCLOSURES

Remuneration of key management personnel

For the six months ended 30 June 2022, the remuneration of the Group's key management personnel comprising directors and the chief executive officer of the Company was as follows:

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Short-term benefits	195	195
Post-employment benefits	4	4
	199	199

18. 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 presents how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3), based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on 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); and
- 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).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	At 30 June 2022 US\$'000 (Unaudited)	At 31 December 2021 US\$'000 (Audited)		
Debt instruments at FVTOCI				
Listed debt securities	1,721	6,545	Level 1	Quoted prices in active markets

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

19. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been approved and authorised for issue by the Board on 23 August 2022.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

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

As at 30 June 2022, 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.

At the special general meeting of the Company held on 20 October 2021, the shareholders of the Company approved the refreshment of the scheme mandate limit in respect of the grant of options to subscribe for shares of the Company under the Share Option Scheme (the "Scheme Mandate Limit Refreshment"). Accordingly, the total number of shares of the Company available for issue under the Share Option Scheme was 109,770,356 shares as refreshed, representing approximately 10% of the issued shares of the Company as at the date of approval of the Scheme Mandate Limit Refreshment.

No share options have been granted under the Share Option Scheme since its adoption. The total number of shares of the Company available for issue under the Share Option Scheme is 109,770,356 shares representing approximately 10% of the issued shares of the Company as at the date of this interim report.

Further details of the Share Option Scheme were set out in the 2021 annual report of the Company.

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 2022 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 2022, 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 shares
Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	315,990,132 (Note)	28.79%
Brilliant Epic Asia Limited ("Brilliant Epic")	Interest of controlled corporation	315,990,132 (Note)	28.79%
Success United Development Limited ("Success United")	Beneficial owner	315,990,132 (Note)	28.79%

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 315,990,132 shares of the Company held by Success United under the SFO.

The interests of Mr. Suen, Brilliant Epic and Success United in 315,990,132 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 2022 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules throughout the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the directors, all of them confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2022.

Other Information

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 22 September, being the latest practicable date before printing of this interim report:

1. Mr. Sue Ka Lok has become a fellow certified practising accountant of the CPA Australia with effect from 8 June 2022; and
2. Ms. Wang Yu has become a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom with effect from 1 September 2022.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 June 2022 have not been audited, but have been reviewed by the Audit Committee 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 2022, 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, 23 August 2022