2022
ANNUAL REPORT

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)

Contents

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"BDI"	Baltic Dry Index
"Board"	Board of Directors of the Company
"Bye-laws"	Bye-laws of the Company
"Company"	Courage Investment Group Limited
"Directors"	directors 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
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"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
"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.

The Chinese version of this annual 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

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 1501, 15th 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
#14-07 Keppel Bay Tower
Singapore 098632

WEBSITE

www.courageinv.com

Chairman's Statement

On behalf of the Board, I am pleased to present to the shareholders of the Company the results of the Group for the year ended 31 December 2022 ("**FY2022**").

RESULTS

During FY2022, 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 improved considerably during the year primarily due to the revival of economic activities worldwide following the easing of the pandemic, amid the market uncertainties brought by the Russia-Ukraine war, the intermittent disruptions to the global supply chain owing to congestions of some main ports including the ones in China, and the rising inflation and interest rates resulted in slower economic growth in some major economies in the latter part of the year.

For FY2022, the Group reported an increase in revenue by 27% to US$12,372,000 (2021: US$9,738,000), driven by the increase in revenue of the marine transportation business, and recorded a profit attributable to owners of the Company of US$1,123,000 (2021: US$10,488,000). Basic earnings per share were US0.10 cent (2021: US0.96 cent). The decrease in the Group's profit was mainly attributed to the recognition of impairment loss on vessels of US$797,000 (2021: reversal of impairment loss of US$13,430,000), though partly offset by (i) the increase in profit contribution from the Group's marine transportation operation to US$5,436,000 (2021: US$3,938,000); and (ii) the decrease in net allowance for credit losses on debt instruments at fair value through other comprehensive income to US$1,402,000 (2021: US$5,360,000).

PROSPECTS

With the full relaxation of anti-COVID measures in many countries and global trading activities are returning to their normality, the Group is prudently optimistic about the prospects of the marine transportation business in the medium to long term, amidst the Russia-Ukraine war and the fast rising inflation and interest rates in some major economies including the US are bringing uncertainties to the market.

The Group has yet to acquire a second-hand Supramax vessel as the price of this vessel class has increased significantly since 2021, however, there are signs recently that the second-hand dry bulk vessel market is softening compared to its peak in around mid-2022 and some buying opportunities have emerged. Looking forward, the Group will continue with its plan of acquiring a second-hand dry bulk vessel, and may include the Panamax size 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. The Group will inform shareholders of any update of the vessel acquisition 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.

APPRECIATION

I would like to express my sincere thanks to all our shareholders, investors, bankers, business associates and customers for their continuing support to the Group, my fellow directors for their valuable services, and all staff members for their dedicated efforts during FY2022.

Sue Ka Lok
Chairman
Hong Kong, 24 March 2023

Management Discussion and Analysis

BUSINESS REVIEW

During the year ended 31 December 2022 ("**FY2022**"), 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 improved considerably during the year primarily due to the revival of economic activities worldwide following the easing of the pandemic, amid the market uncertainties brought by the Russia-Ukraine war, the intermittent disruptions to the global supply chain owing to congestions of some main ports including the ones in China, and the rising inflation and interest rates resulted in slower economic growth in some major economies in the latter part of the year.

For FY2022, the Group reported an increase in revenue by 27% to US$12,372,000 (2021: US$9,738,000), driven by the increase in revenue of the marine transportation business, and recorded a profit attributable to owners of the Company of US$1,123,000 (2021: US$10,488,000).

Marine transportation

For FY2022, the revenue of the Group's marine transportation business increased by 35% to US$12,079,000 (2021: US$8,976,000), and with its profit increased by 38% to US$5,436,000 (2021: US$3,938,000). The increases in revenue and profit of the operation were mainly attributed to the improved market conditions of the marine chartering industry and the general increase in charter rates of the Group's vessels during the year. There has been a 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 market uncertainties brought by the Russia-Ukraine war, the intermittent disruptions to the global supply chain owing to congestions of some main ports including the ones in China, and the fast rising inflation and interest rate hikes in some countries including the US which hindered their economic growth.

Following the success of many governments in containing the social impact of the pandemic, and the relaxation of anti-COVID measures in many countries, there has been a full revival of economic activities worldwide and global trade has regained momentum. The BDI, which is closely correlated to market freight rate, remained volatile during FY2022 by reaching its peak of over 3,300 points in May 2022, hitting its low of about 1,000 points in August 2022, and was hovering between the 1,500 to 2,500 points level for much of the year, compared to the 2,000 to 3,000 points level in 2021. The current market outlook of the marine transportation business remains positive following the revival of economic activities worldwide. In view of the prevailing market conditions, the Group is prudently optimistic about the prospects of the marine transportation business in the medium to long term.

The carrying capacity of the Group's dry bulk fleet, which currently comprises three Supramax size vessels, is approximately 171,000 dwt. The Group has yet to acquire a second-hand Supramax vessel as the price of this vessel type has increased significantly since 2021, however, there are signs recently that the second-hand dry bulk vessel market is softening compared to its peak in around mid-2022 and some buying opportunities have emerged. The Group has not yet identified a suitable target vessel as of the date of this annual report. Nevertheless, the Group will continue with its plan of acquiring a second-hand dry bulk vessel, and may include the Panamax size 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. The Group will inform shareholders of any update of the vessel acquisition as and when appropriate.

At 31 December 2022, with reference to the then prevailing market conditions (including second-hand prices of similar vessels in terms of country of build, tonnage and age and market freight rate), an impairment loss on vessels amounted to US$797,000 (2021: reversal of impairment loss of US$13,430,000) was recognised in FY2022, which partly offset the Group's profitable results for the year.

Investment holding

The Group's investment holding business contributed a revenue of US$293,000 (2021: US$581,000) and recorded a loss of US$1,104,000 (2021: US$4,843,000) for FY2022. The revenue of the business represented interest income from corporate bonds and the loss incurred was mainly due to the recognition of net allowance for credit losses on debt instruments (i.e. corporate bonds) at fair value through other comprehensive income ("**FVTOCI**") of US$1,402,000 (2021: US$5,360,000).The recognition of the credit losses was primarily a result of the further deterioration of the financial position of the issuers of the corporate bonds held by the Group during FY2022. These bond issuers are all property companies based in the Mainland and their credit ratings have been withdrawn or downgraded by the credit rating 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, a net allowance for credit losses on debt instruments at FVTOCI of US$1,402,000 (2021: US$5,360,000), which mainly reflected the significant increase of credit risks of these bonds, was recognised during the year. The Group had engaged an independent qualified professional valuer to perform an impairment assessment on these debt instruments under the expected credit losses ("**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 year, the management had worked closely with the independent qualified professional valuer and taken into account factors including the withdrawal or downgrading of credit rating of the bond issuers by the credit rating agencies, the defaults of the bond issuers in their payments of interest and/or principal, and forward-looking information including the future macroeconomic conditions affecting the operations of the bond issuers.

During the year, the Group continued to invest in listed corporate bonds. The corporate bonds held by the Group at the year end were issued by seven 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 year end, the Group's investments classified as debt instruments at FVTOCI comprised current and non-current portions of US$264,000 (2021: US$3,814,000) and US$1,392,000 (2021: US$2,731,000) respectively, totalling US$1,656,000 (2021: US$6,545,000) and representing a portfolio of corporate bonds. The Group had not made any new investments in corporate bonds during the year. During FY2022, principal of certain debt instruments totalling US$2,450,000 were redeemed.

For FY2022, a net decrease in fair value of the Group's debt instruments at FVTOCI of US$2,439,000 (2021: US$3,862,000) was recognised as other comprehensive expense primarily owing to the decrease in their market values.

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 year of US$196,000 (2021: US$313,000). During FY2022, the Group's property holding and investment business had no revenue (2021: US$181,000) as the investment property, being an office unit at Shun Tak Centre, Sheung Wan, Hong Kong, was vacant during the year before it was disposed of. The Group is not holding any investment property at present and will look for acquisition opportunities of investment properties with good rental yield and/or high appreciation potential.

Merchandise trading

During FY2022, mainly owing to the effect of 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 no revenue (2021: nil) was generated. The loss incurred by the business of US$91,000 (2021: nil) represented the allowance for credit losses recognised for other receivables of the business. The Group intends to resume the business when market conditions improve.

Share of result of a joint venture

For FY2022, the loss of the joint venture shared by the Group amounted to US$758,000 (2021: profit of US$87,000) and was mainly related to the decrease in fair value of an industrial property in Shanghai, China held under the joint venture, the property is vacant at present and is intended for leasing. At 31 December 2022, the carrying value of the Group's investment in the joint venture was US$4,015,000 (2021: US$5,167,000) and the major asset held by it is the aforementioned industrial property.

OVERALL RESULTS

For FY2022, the Group recorded a profit attributable to owners of the Company of US$1,123,000 (2021: US$10,488,000) and a total comprehensive expense attributable to owners of the Company of US$314,000 (2021: total comprehensive income of US$12,122,000). The decrease in the Group's profit was mainly attributed to the recognition of impairment loss on vessels of US$797,000 (2021: reversal of impairment loss of US$13,430,000), though partly offset by (i) the increase in profit contribution from the Group's marine transportation operation to US$5,436,000 (2021: US$3,938,000); and (ii) the decrease in net allowance for credit losses on debt instruments at FVTOCI to US$1,402,000 (2021: US$5,360,000).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During FY2022, the Group financed its operation mainly by cash generated from operations, credit facilities provided by a financial institution as well as shareholders' funds. At 31 December 2022, the Group had current assets of US$18,277,000 (2021: US$13,122,000) and liquid assets comprising bank deposits and cash and cash equivalents totalling US$15,819,000 (2021: US$7,640,000). The Group's current ratio, calculated based on current assets over current liabilities of US$3,826,000 (2021: US$5,374,000), was at a strong ratio of about 4.78 at the year end (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 year, which in turn led to the increase in bank balances.

At 31 December 2022, the equity attributable to owners of the Company amounted to US$61,138,000 (2021: US$61,452,000), decreased by US$314,000 compared with the prior year end and was mainly a result of the net decrease in fair value of debt instruments at FVTOCI of US$2,439,000 (2021: US$3,862,000), after offsetting the profit earned by the Group of US$1,123,000 (2021: US$10,488,000) during the year.

At the year 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$756,000 (2021: US$4,878,000) and a current portion of US$2,122,000 (2021: US$4,908,000), totalling US$2,878,000 (2021: US$9,786,000). During the year, the Group made an early loan repayment of US$2,000,000 in light of the fast rising interest rate. At 31 December 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 31 December 2022 *US$'000*	At 31 December 2021 *US$'000*
Secured loans	**2,878**	9,786
The carrying amounts of the loans are repayable*:		
Within a period not exceeding one year	**2,122**	4,908
Within a period of more than one year but not exceeding two years	**756**	2,122
Within a period of more than two years but not exceeding five years	**–**	2,756
	2,878	9,786

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

For FY2022, the Group's finance costs of US$346,000 (2021: US$447,000) represented mainly interests for the borrowings, finance costs decreased by 23% 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$2,878,000 (2021: US$9,786,000) divided by total equity of US$61,138,000 (2021: US$61,452,000), was at a low ratio of about 5% (2021: 16%) at the year end.

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

Use of proceeds from the Open Offer

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

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 increased to around US$13 million to US$16 million, about 50% higher than the management's original estimate of US$7 million to US$12 million back in 2021, but lower than the peak of the second-hand dry bulk vessel market in around mid-2022. There are signs recently that the second-hand dry bulk vessel market is softening and some buying opportunities have emerged. The management is in the course of evaluating certain vessel buying opportunities and it is still the Group's intention to reutilise the remaining net proceeds of the Open Offer of US$5,800,000 to acquire a second-hand dry bulk vessel, and may include the Panamax size 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. The management will continue to closely monitor the market conditions and will inform shareholders of any update of the vessel acquisition as and when appropriate.

Foreign currency management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in United States dollars or Hong Kong dollars. During FY2022, 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 31 December 2022, two vessels (2021: three vessels) with an aggregate carrying amount of US$27,404,000 (2021: US$42,279,000) (including dry-docking) were pledged to a financial institution (2021: a bank and a financial institution) as security for the loan facilities granted to the Group.

Contingent liabilities

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

Capital commitments

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

EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, in connection with the claim made by the owner of the other vessel referred to in note 23 to the consolidated financial statements, the Group has paid a security deposit of US$1,006,000 to the Supreme Court of Singapore pending settlement of the Collision Event (as defined therein). The security deposit is to be refunded upon the closure of the Collision Event. The Directors considered that the Collision Event has no significant impact to the Group's operations and the Group's vessel involved, which sustained minor damages in the event, is in normal operation.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2022, the Group had 16 (2021: 16) employees including directors of the Company. For FY2022, staff costs (including directors' emoluments) amounted to US$703,000 (2021: US$778,000). 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 FY2022, 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 year amounting to US$2,679,000 (2021: US$1,892,000).

RISK FACTORS

The Group has identified and is facing a number of significant risks during FY2022. Some of these risks are ongoing factors which the industry has to cope with in the medium to long term. Other risk factors are specific to the Group.

Economic Risk

The prolonged continuation of the COVID pandemic, the heightened political and economic tensions between China and the US, and the Russia-Ukraine war were the major factors that resulted in the volatility of BDI during FY2022. The BDI, which has a close correlation to freight rate, was at its peak of over 3,300 points in May 2022, hit its low of about 1,000 points in August 2022, and was hovering between the 1,500 to 2,500 points level for much of the year. The movement of BDI is outside of the Group's control and would have a material effect on the financial performance of the Group's marine transportation business.

The global economic conditions and the state of international financial and investment markets, including the economy, financial and investment markets of the US, Mainland China and Hong Kong, of which the Group has no control, have significant influence on the financial performance of the Group's investment holding business.

Market Risk

The Group's marine transportation business is operating in a rather volatile market. The business of dry bulk cargo carriers is subject to demand for chartering services and supply of vessels by cargo shippers in the region as well as the worldwide market. The Group is therefore facing intense competition among shippers.

Financial Risk

The Group is exposed to financial risks relating to foreign currency, interest rate, credit and liquidity in its ordinary course of business. Details of such risks and management policies are set out in note 34 to the consolidated financial statements.

Environment Risk

The Group is constantly exposed to inherent risks such as oil spills, pollution, collisions, mechanical breakdown of its vessels, adverse weather conditions, fire or other calamity. Any of these factors may cause disruptions to the Group's marine transportation business and result in loss or damage to its vessels or cargo. The Group may also be liable for damages or compensation payable and its existing insurance may not be able to cover all claims fully or its costs may increase significantly. This may adversely affect the financial performance of the Group's marine transportation business.

Customer Risk

The Group has been relied on a small number of customers in the last few years. This has been limiting the Group's bargaining power on freight rates and flexibility in freight contract options. The Group may not be able to expand its customer base in the short to medium term in light of the prevailing competitive market conditions which may adversely affect the financial performance of the Group's marine transportation business.

Supply Chain Risk

The Group sources goods and products from a wide range of suppliers. The cooperation is based on well-entrenched relationship and fair terms of trade between the Group and its suppliers. However, the Group cannot warrant that the relationship with each supplier will remain unchanged, in the event the Group is unable to reach agreement upon reasonable terms with any suppliers and cannot find suitable substitute suppliers, the Group's marine transportation business may be affected.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in material respects with the relevant laws and regulations that have significant impact on the businesses and operations of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining good relationships with its employees, customers and suppliers to meet its immediate and long-term business goals. During FY2022, there were no significant disputes between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates. The Group is closely following the rules and regulations of the International Maritime Organisation ("**IMO**"). The IMO sets out a number of regulations and guidelines for the shipping industry that include safety, environment, human, technical, legal and security elements. The Group has established internal control systems and procedures based on these IMO rules, especially the International Safety Management Code. The Group's internal control systems are subject to annual review and audit by the IMO compliance agents. The Group is working vigorously to improve its performance in order to follow and match the ever-changing requirements of the industry and the IMO in particular.

Biographical Details of Directors and Senior Management

The biographical details of Directors and senior management are set out below:

EXECUTIVE DIRECTORS

Mr. Sue Ka Lok ("Mr. Sue"), *Chairman*

Aged 57, rejoined the Company as Executive Director in November 2021 and was re-appointed as the Chairman of the Board in January 2022. Mr. Sue is a member of the Nomination Committee and a director of various subsidiaries of the Company. Mr. Sue first joined the Company as Executive Director and the Chairman of the Board in October 2015, stepped down from the position as Chairman of the Board and re-designated as Non-executive Director in October 2017, re-appointed as the Chairman of the Board in February 2018, and subsequently resigned as Non-executive Director and the Chairman of the Board in January 2021.

Mr. Sue holds a Bachelor of Economics degree from The University of Sydney in Australia and a Master of Science in Finance degree from the City University of Hong Kong. Mr. Sue is a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow certified practising accountant of the CPA Australia, a fellow of the Hong Kong Securities and Investment Institute, and a chartered secretary, a chartered governance professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. He has extensive experience in corporate management, finance, accounting and company secretarial practice.

Mr. Sue is an executive director, the company secretary and chief executive officer of CSC Holdings Limited (formerly known as China Strategic Holdings Limited) (stock code: 235), an executive director of EPI (Holdings) Limited (stock code: 689) and a non-executive director of Birmingham Sports Holdings Limited (stock code: 2309). All of the above-mentioned companies are listed on the Main Board of the Hong Kong Stock Exchange.

Ms. Wang Yu ("Ms. Wang"), *Company Secretary*

Aged 47, joined the Group as Executive Director in October 2017, appointed as Joint Company Secretary in February 2019 and subsequently appointed as Company Secretary in March 2019. She is a director of various subsidiaries of the Company. Ms. Wang holds a Bachelor of Arts degree from the University of Science and Technology of China, Bachelor of Laws degree from Manchester Metropolitan University, Master of Business Administration degree from the University of Birmingham in the United Kingdom, Master of Corporate Governance degree and Master of Professional Accounting degree from The Hong Kong Polytechnic University. Ms. Wang is a chartered secretary, a chartered governance professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She has experience in logistics industry, corporate administration and company secretarial practice.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhou Qijin ("Mr. Zhou")

Aged 62, joined the Group as Independent Non-executive Director in October 2015 and is the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Mr. Zhou holds a Bachelor's degree in law from the Southwest University of Political Science and Law, the PRC. He has extensive experience in property investments and automobile sales and marketing in the PRC.

Mr. Pau Shiu Ming ("Mr. Pau")

Aged 73, joined the Group as Independent Non-executive Director in April 2018 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Pau holds a Bachelor of Social Sciences degree from the University of Hong Kong. Mr. Pau had held senior roles in various international banks and has extensive experience in the banking and finance industry.

Mr. Tsao Hoi Ho ("Mr. Tsao")

Aged 58, joined the Group as Independent Non-executive Director in November 2019 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Tsao holds a Master of Business Administration degree from the University of Warwick in the United Kingdom. Mr. Tsao is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute in the United Kingdom and an associate of the Australasian Institute of Banking and Finance. Mr. Tsao has over 20 years' extensive experience in auditing, corporate finance and company secretarial practice.

SENIOR MANAGEMENT

Mr. Yuen Chee Lap, Carl ("Mr. Yuen"), *Chief Executive Officer and Financial Controller*

Aged 49, joined the Company as Financial Manager in January 2004 and was appointed as Financial Controller in May 2006. Mr. Yuen has taken up the additional role as Chief Executive Officer since September 2019 and is responsible for the Group's overall operations. Mr. Yuen obtained a Bachelor of Business Administration degree and a Master of Business Administration degree from the University of Houston, United States in 1997 and 1998 respectively. He is a member of the Hong Kong Institute of Directors and the Association of Hong Kong Accountants. Mr. Yuen has rich experience in finance and accounting both in Hong Kong and the United States. He started his career in the United States when he joined a United States listed company in 2000 and served as its chief financial officer from 2000 to 2003. Mr. Yuen is an independent non-executive director of Qianhai Health Holdings Limited (stock code: 911), a company listed on the Main Board of the Hong Kong Stock Exchange.

Report of the Directors

The Directors are pleased to present their report and the audited consolidated financial statements of the Company for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding. The principal activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties the Group facing, the particulars of important events affecting the Group that have occurred since the end of the financial year, an indication of likely future developments in the Group's businesses, the key relationships with employees, customers and suppliers, and the compliance with laws and regulations, can be found in the "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 4 to 13 of this annual report and the "Corporate Governance Report" set out on pages 21 to 32 of this annual report. These discussions form part of this directors' report. In addition, discussions on the Group's environmental policies and performance are contained in the "Environmental, Social and Governance Report" on pages 33 to 52 of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 58.

FINAL DIVIDEND

The Board has resolved not to declare the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 116. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVE OF THE COMPANY

The Company has distributable reserve of US$24,995,000 (2021: US$34,010,000) as at 31 December 2022 available for distribution to its shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 100.0% (2021: 93.6%) of the total revenue for the year and sales to the largest customer accounted for approximately 44.4% (2021: 36.5%). Purchases from the Group's five largest suppliers accounted for approximately 50.5% (2021: 45.1%) of the total purchases for the year and purchases from the largest supplier accounted for approximately 43.3% (2021: 38.1%).

None of the directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers or suppliers during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this annual report were:

Executive Directors:

Mr. Sue Ka Lok
Ms. Wang Yu

Non-Executive Director:

Dr. Feng Xiaogang *(resigned on 31 December 2022)*

Independent Non-executive Directors:

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

In accordance with Bye-law 86 of the Bye-laws, each Director shall retire at least once every three years. Accordingly, Mr. Tsao Hoi Ho will retire by rotation at the forthcoming annual general meeting of the Company (the "**2023 AGM**"), and being eligible, offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the 2023 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Bye-laws, every director or other officer of the Company for the time being acting in relation to any affairs of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto, and no director or other officer shall be liable for any loss, misfortune or damage which may happen in the execution of his/her office or in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the directors or other officers. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and other officers of the Company during the year.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in note 11 to the consolidated financial statements.

UPDATES ON DIRECTORS' INFORMATION

The following is an updated information of the directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules:

– Mr. Tsao Hoi Ho resigned as independent non-executive director of Flying Financial Service Holdings Limited (stock code: 8030), a company listed on GEM of the Hong Kong Stock Exchange, with effect from 5 December 2022.

– The remuneration of Ms. Wang Yu has been adjusted to HK$455,000 per annum. The remuneration of Ms. Wang Yu has been recommended by the Remuneration Committee and approved by the Board.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 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 contained in the Hong Kong Listing Rules.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 28 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above, at no time during the year 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 year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 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 31 December 2022 as required pursuant to section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The related party disclosures in note 32 to the consolidated financial statements fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Hong Kong Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme as well as discretionary bonus.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this annual report, none of the directors, or any of their respective close associates (as defined in the Hong Kong Listing Rules) had any material interest in a business that competes or may compete with the businesses of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

During the year ended 31 December 2022, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company disclosed above, no equity-linked agreements were entered into by the Group, or existed during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the year.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2022 have been reviewed by the Audit Committee and are duly approved by the Board under the recommendation of the Audit Committee.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2022 have been audited by Deloitte Touche Tohmatsu. A resolution will be proposed at the 2023 AGM to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Sue Ka Lok
Chairman

Hong Kong, 24 March 2023

Corporate Governance Report

The Company has recognised the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company aims to achieve good standard of corporate governance.

CULTURES AND VALUES

The Board believes a healthy corporate culture is vital in attaining the Group's vision, values and strategy. It trusts that conducting business in an ethical and reliable way will maximise its long-term interests and those of its stakeholders. The structure of corporate governance adopted by the Company emphasises a quality board, sound internal controls and accountability to shareholders and these are based upon an ethical corporate culture. It is the Board's mission to establish and foster a healthy corporate culture with the following principles and to ensure that the Company's vision, values and business strategies are aligned to it.

(i) Ethics and Integrity

The Group strives to maintain a high standard of business ethics and corporate governance across all business levels and operating activities. Directors, management and staff are all required to act lawfully, ethically and responsibly. Such required standards are set out in the Group's Code of Conduct, Anti-corruption Policy and Whistleblowing Policy (further discussions on the two policies are in the sections below). Trainings are conducted from time to time to reinforce the values across the Group and to uphold the standards with respect to ethics and integrity.

(ii) Commitment to Excellence

The Group believes commitment to excellence is the first step to continuous improvement and the driving force behind a business organisation. The Group implements a performance appraisal system and aims to reward and recognise performing staff by providing them competitive remuneration packages, as well as the opportunities of career development and progression within the Group. Such values are articulated in policies, procedures and processes in day-to-day operations. Department heads are responsible to set expectations for staff with respect to their roles and responsibilities. In addition, staff are also encouraged to enroll in external training courses and seminars in order to update their technical skills and keep abreast of the market and regulatory developments.

CORPORATE GOVERNANCE

The Company had complied with all the applicable provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Hong Kong Listing Rules for the year ended 31 December 2022.

DIRECTORS' SECURITIES TRANSACTIONS

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 year ended 31 December 2022.

BOARD OF DIRECTORS

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The Board members are fully committed to their roles and have acted in good faith to maximise the shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

The Board met regularly throughout the year to discuss the overall business strategy as well as the operational and financial performance of the Group. The directors are kept informed on timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. The directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the directors to assist the relevant directors to discharge their duties.

As at 24 March 2023, the date of this annual report, the Board comprises five directors, two of which are Executive Directors, namely Mr. Sue Ka Lok (Chairman) and Ms. Wang Yu; and three are Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho. The directors are considered to have a balance of skills and experience appropriate for the requirements of the businesses of the Company. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Hong Kong Listing Rules.

The Company considers all the independent non-executive directors are independent in accordance with the independence guidelines set out in the Hong Kong Listing Rules. Biographical details of the directors are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 15 of this annual report.

Mr. Suen Cho Hung, Paul ("**Mr. Suen**"), the ultimate beneficial owner of the substantial shareholder of the Company, is the ultimate beneficial owner of the substantial shareholder of EPI (Holdings) Limited (stock code: 689) of which Mr. Sue Ka Lok is an executive director. Mr. Suen is the ultimate beneficial owner of the substantial shareholder of Birmingham Sports Holdings Limited (stock code: 2309) of which Mr. Sue Ka Lok is a non-executive director. Mr. Suen also indirectly holds approximately 8.24% of the issued shares in CSC Holdings Limited (formerly known as China Strategic Holdings Limited) (stock code: 235) of which Mr. Sue Ka Lok is an executive director, the company secretary and chief executive officer. Save as disclosed above, there are no other financial, business, family or other material/relevant relationships between the substantial shareholders and members of the Board.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have an appropriate understanding of the businesses and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Hong Kong Listing Rules and relevant regulatory requirements.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills, and are continually updated on the developments of the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including briefings on the amendments on the Hong Kong Listing Rules and the news release published by the Hong Kong Stock Exchange to the directors. Continuing briefing and professional development for directors are arranged where necessary.

The directors have participated in continuous professional development by attending seminars, in-house briefings and/or reading materials on the related areas to develop and refresh their knowledge and skills. During the year ended 31 December 2022, all the directors including Mr. Sue Ka Lok, Ms. Wang Yu, Dr. Feng Xiaogang (resigned on 31 December 2022), Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho had complied with Code Provision C.1.4 of the CG Code and had provided the Company with their respective training records pursuant to the CG Code.

During the year ended 31 December 2022, four regular Board meetings and two general meetings were held and the attendance of each director is set out as follows:

	Number of attendance	
	Board Meetings	**General Meetings**
Executive Directors		
Mr. Sue Ka Lok	4/4	2/2
Ms. Wang Yu	4/4	2/2
Non-executive Director		
Dr. Feng Xiaogang *(resigned on 31 December 2022)*	4/4	2/2
Independent Non-executive Directors		
Mr. Zhou Qijin	4/4	1/2
Mr. Pau Shiu Ming	4/4	2/2
Mr. Tsao Hoi Ho	4/4	2/2

CHAIRMAN AND CHIEF EXECUTIVE

The Group adopts a dual leadership structure in which the role of the Chairman is separated from that of the Chief Executive Officer (the "**CEO**"). The Chairman is responsible for overseeing all Board functions, while the management is under the leadership of the CEO to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

The position of the Chairman of the Board is currently held by Mr. Sue Ka Lok and the position of CEO is currently held by Mr. Yuen Chee Lap, Carl.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the Independent Non-executive Directors is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Bye-laws.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference that is in compliance with the CG Code. As at the date of this annual report, the Remuneration Committee comprises three Independent Non-executive Directors, namely Mr. Pau Shiu Ming, Mr. Zhou Qijin and Mr. Tsao Hoi Ho. Mr. Pau Shiu Ming is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for formulating the remuneration policy, reviewing and recommending to the Board the annual remuneration policy and the remuneration of the directors. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-caliber team which is essential to the success of the Group. The full terms of reference are available on the Company's website and the Hong Kong Stock Exchange's website.

The Remuneration Committee met one time during the year ended 31 December 2022 to assess the performance of the directors, and review and make recommendations to the Board on the remuneration packages for directors and senior management. The attendance of each member is set out as follows:

Members	Number of attendance
Mr. Pau Shiu Ming	1/1
Mr. Zhou Qijin	1/1
Mr. Tsao Hoi Ho	1/1

Details of the director remuneration are set out in note 11 to the consolidated financial statements. Pursuant to E.1.5 of the CG Code, the details of the annual remuneration of the senior management by bands during the year are set out below:

Remuneration band	Number of individual
HK$500,000 to HK$1,000,000	1

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference that is in compliance with the CG Code. As at the date of this annual report, the Nomination Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Zhou Qijin, Mr. Pau Shiu Ming and Mr. Tsao Hoi Ho; and one Executive Director, namely Mr. Sue Ka Lok. Mr. Zhou Qijin is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors of the Company. Potential new directors are selected on the basis of their qualifications, skills and experience that he/she could add value to the management through his/her contributions in the relevant strategic business areas. The full terms of reference are available on the Company's website and the Hong Kong Stock Exchange's website.

The Nomination Committee met one time during the year ended 31 December 2022 to review the board diversity policy (the "**Board Diversity Policy**") and the nomination policy (the "**Nomination Policy**") of the Company, the independence of the independent non-executive directors, and the structure, size and composition of the Board; and to make recommendation to the Board on the re-election of directors. The attendance of each member is set out below:

Members	Number of attendance
Mr. Zhou Qijin	1/1
Mr. Pau Shiu Ming	1/1
Mr. Tsao Hoi Ho	1/1
Mr. Sue Ka Lok	1/1

Board Diversity Policy

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance adopted the Board Diversity Policy. The Board Diversity Policy sets out that in determining the optimum composition of the Board, differences in skills, regional and industry experience, background, race, gender and other qualities of directors shall be considered. All Board appointments are made on merits, in the context of skills and experience the Board as a whole requires, with due regard for the benefits of diversity of the Board. The Nomination Committee shall review and assess the Board composition and its effectiveness on an annual basis. When there is vacancy on Board, the Nomination Committee will recommend suitable candidates for appointment to the Board on merits, based on the terms of reference of the Nomination Committee, with due regard to the Company's own circumstances.

During the year ended 31 December 2022, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Board Diversity Policy has been consistently implemented. As at the date of this annual report, the Board consists of one female Director and four male Directors. The Board considered gender diversity in respect of the Board is satisfactory.

The Group has taken, and will continue to take, steps to promote diversity at all levels of workforce (including senior management). Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination so as to develop a pipleline of potential successors to the Board and the workforce. As at 31 December 2022, the male to female ratio in the workforce (including senior management) is 1:1. The Board considered gender diversity in respect of workforce is achieved.

In order to ensure that independent views and input of independent non-executive directors are made available to the Board, the Nomination Committee and the Board would assess the independence of independent non-executive directors annually with regard to, among others, the following factors:

(i) their character, integrity, expertise and experience;

(ii) declaration of conflict of interest in their roles as independent non-executive directors;

(iii) duration of appointment as independent non-executive directors;

(iv) time commitment to the Company's affairs;

(v) past and present financial or other interests in the businesses of the Company; and

(vi) connection with other director(s), chief executive or substantial shareholder(s) of the Company.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence, and the Company considers that each of the Independent Non-executive Directors has met the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

Nomination Policy

The Board has adopted the Nomination Policy setting out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment; and (ii) the shareholders for election as a director of the Company. According to the Nomination Policy, in assessing the suitability of a proposed candidate, the Board shall take into account, among others, the following factors: (i) qualifications, professional experience, skills and knowledge relevant to the businesses of the Group; (ii) commitment in respect of available time and relevant interest; (iii) diversity perspectives set out in the Board Diversity Policy; (iv) in case of independent non-executive directors, regulatory requirement for appointment of independent non-executive directors and the independence criteria set out in the Hong Kong Listing Rules; and (v) any other factors that the Board considers appropriate.

For filling a casual vacancy or as an addition to the existing Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. On making recommendation, the Nomination Committee may submit to the Board for consideration a proposal comprising, inter alia, the personal profile of the proposed candidate, which contains at least the candidate's information required to be disclosed under Rule 13.51 of the Hong Kong Listing Rules. The Board shall be vested with power to make the final decision on all matters relating to the recommendation of candidates (i) for appointment and (ii) for standing for election at a general meeting as a director of the Company.

The Nomination Committee will review the Board Diversity Policy annually and the Nomination Policy from time to time to ensure that the policies will be implemented effectively.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 December 2022 is set out in the "Independent Auditor's Report" on pages 53 to 57 of this annual report.

For the year ended 31 December 2022, the remuneration payable to the Company's auditor, Deloitte Touche Tohmatsu, for the provision of audit services amounted to HK$1,150,000.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference that is in compliance with the CG Code.

As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Tsao Hoi Ho, Mr. Zhou Qijin and Mr. Pau Shiu Ming, who among themselves possess a wealth of management experience in the accounting profession and in commercial fields. Mr. Tsao Hoi Ho is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for reviewing financial statements of the Company, reviewing the risk management and internal control systems of the Group and meeting with the auditor of the Company for audit matters. Any findings and recommendations of the Audit Committee will be submitted to the Board for consideration.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary. The full terms of reference are available on the Company's website and the Hong Kong Stock Exchange's website.

The Audit Committee met three times during the year ended 31 December 2022 and the attendance of each member is set out below:

Members	Number of attendance
Mr. Tsao Hoi Ho	3/3
Mr. Zhou Qijin	3/3
Mr. Pau Shiu Ming	3/3

The following is a summary of work performed by the Audit Committee during the year:

1. reviewed and discussed the audited consolidated financial statements of the Company for the year ended 31 December 2021 and recommended the same to the Board for approval;

2. reviewed and discussed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2022 and recommended the same to the Board for approval;

3. reviewed and discussed with the management and the auditor of the Company the accounting policies and practices which might have significant impact on the consolidated financial statements of the Company and the scope of the audit;

4. reviewed report from the auditor of the Company regarding their audit on the Company's consolidated financial statements for the year ended 31 December 2021;

5. reviewed the effectiveness of the risk management and internal control systems of the Group;

6. reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor; and

7. reviewed and adopted the Anti-corruption Policy and Whistleblowing Policy (as hereinafter referred to).

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2022, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as set out below:

1. to develop and review the Group's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of directors and senior management;

3. to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors of the Group; and

5. to review the Group's compliance with the CG Code and its disclosure requirements in the corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has ultimate responsibilities for evaluating and determining the Company's levels of risk tolerance, overseeing the management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis and reviewing their effectiveness.

The Group's risk management and internal control systems aim to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable but not absolute assurance against material misstatements or losses caused by judgment in decision making process, human error, fraud or other irregularities.

The Board is also committed to review the adequacy and effectiveness of the Group's risk management and internal control systems annually, including financial, operational and compliance controls. The Group does not have an internal audit function due to the size of the Group and consideration for cost effectiveness. Instead, such review is carried out with the assistance of Roma Risk Advisory Limited ("**Roma**"), an independent outsourced internal auditor. The review aims to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. It also assists the Group to maintain the quality of the review in assessing its risk management and internal control systems.

During the year ended 31 December 2022, the Group had reviewed the internal audit charter which defined the scope and objectives of the internal audit function and its reporting protocol. The Group had also conducted an annual risk assessment to identify, evaluate and manage the significant strategic risks, financial risks, operational risks, compliance risks and environmental, social and governance ("**ESG**") risks of its major business segments. Based on the risk assessment results following a risk based methodology audit approach, an annual review by Roma was performed with a view to assisting the Board and the Audit Committee to evaluate the effectiveness of the Group's risk management and internal control systems. For conducting the annual review, Roma had reviewed the relevant policies and procedures of the Group, conducted collaborative interviews and document inspections, and performed walkthrough tests and samples testing procedures on the Group's risk management and internal control systems. After the review, Roma had presented to the Board and the Audit Committee the Internal Control Review Report and Enterprise Risk Management Report which contained certain findings and relevant recommendations and suggestions for improvement on the Group's risk management and internal control systems. The review covered material controls, including financial, operational and compliance controls at entity and operational levels.

In connection with the controls on compliance aspect, the Company has established a policy on handling and dissemination of inside information that sets out the procedures in handling inside information in an accurate and secure manner so as to avoid possible mishandling of inside information within the Group.

Based on the risk management and internal control systems established and maintained by the Group, the work performed by Roma and the external auditor, and the reviews performed by the management, the Audit Committee and the Board, the Audit Committee and the Board are not aware of any significant internal control and risk management weaknesses or inconsistencies with the Group's risk management and internal control policies, and are of the opinion that the Group has maintained adequate and effective risk management and internal control systems addressing strategic, financial, operational, compliance and ESG risks for the year ended 31 December 2022. The Board is also of the opinion that the Group has adequate financial and human resources for its accounting and financial reporting function. The Company has complied with the relevant code provisions of the CG Code relating to risk management and internal control.

Anti-corruption Policy

The Board has adopted an anti-fraud and counter-corruption policy (the "**Anti-corruption Policy**") which forms an important part of the Group's effective risk management and internal control systems. The Group is committed to achieving high standards of business ethics and corporate governance across all business levels and operating activities and has zero tolerance towards fraud and corruption. It strives to protect its reputation, assets and information from any attempt of fraud, corruption, deceit or improper conduct by employees or third parties. In line with this, the Anti-corruption Policy has outlined the Company's expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities. The Anti-corruption Policy applies to all Group employees and all business partners, including customers, suppliers and debtors. The Audit Committee has the overall responsibility for the implementation, monitoring and periodic review of the Anti-corruption Policy.

Whistleblowing Policy

The Board has adopted a whistleblowing policy (the "**Whistleblowing Policy**") which forms an important part of the Group's effective risk management and internal control systems. In line with the Group's commitment to promote ethical standards and to uncover any fraud, malpractice and misconduct within the organisation, the purpose of the Whistleblowing Policy is to (i) encourage and assist any employee(s) of the Group or third parties (e.g. customers, suppliers etc.) to raise the concern and disclose related information confidentially; (ii) provide reporting channels and guidance on whistleblowing to employees or third parties to raise the concern rather than neglecting it; and (iii) reveal suspected fraud, malpractice or misconduct before these activities cause disruption or loss to the Group. The Audit Committee has the overall responsibility for implementing, monitoring and reviewing the effectiveness of the Whistleblowing Policy and the actions resulting from the investigation.

External parties who wish to obtain more information on the Anti-corruption Policy and Whistleblowing Policy could contact us by email to acchairman@courageinv.com or by mail to Room 1501, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

COMPANY SECRETARY

Ms. Wang Yu was appointed the Company Secretary in March 2019. She has taken no less than 15 hours of the relevant professional training during the year ended 31 December 2022. The biographical details of Ms. Wang Yu are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 15 of this annual report.

SHAREHOLDER RIGHTS

The annual general meeting ("**AGM**") of the Company provide a forum for communication between shareholders and the Board. The notice of the AGM is despatched to all shareholders at least 20 clear business days prior to such AGM. The chairmen of all Board committees are invited to attend the AGM. The chairman of the Board and the chairmen of all the Board committees, or in their absence, other members of the respective committees, are available to answer questions at the AGM. The auditor of the Company is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence.

Procedures for shareholders to convene a special general meeting

Shareholders can submit a requisition to convene a special general meeting pursuant to the Companies Act 1981 of Bermuda (the "**Companies Act**"), shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must:

- state the purposes of the special general meeting;
- be signed by all the requisitionists (may consist of one or several documents in like form each signed by one or more requisitionists); and
- be deposited at the Company's office in Hong Kong for the attention of the Company Secretary.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a special general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for shareholders to put forward proposals at general meetings

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or not less than one hundred shareholders, can request the Company in writing to:

(a) give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) circulate to shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Procedures for shareholders to propose a person for election as a director of the Company

According to Bye-law 87 of the Bye-laws, no person other than a director retiring at the general meeting of the Company shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting of the Company unless a notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong, at the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited or at the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days, and that if the notice(s) are submitted after the despatch of the notice of the general meeting convened for such election, the period for lodgement of such notice(s) shall commence on the day after the despatch of the notice of the general meeting convened for such election and end no later than seven days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary at the Company's principal place of business in Hong Kong at Room 1501, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

Shareholders Communication Policy

The Group has adopted a shareholders communication policy (the "**Shareholders Communication Policy**") which sets out the objective of ensuring that the Company's shareholders, both individual and institutional and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the shareholders to exercise their rights in an informed manner, and to allow the shareholders and the investment community to engage actively with the Company. The Group has established a range of communication channels between itself and the shareholders, investors and other stakeholders. These include (i) contacting the Hong Kong branch share registrar, Tricor Investor Services Limited, or the Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. reegarding questions on shareholdings; (ii) publishing corporate communications such as announcements, circulars and the annual and interim reports; (iii) maintaining a corporate website at www.courageinv.com; and (iv) holding shareholders' meetings. The Board has the overall responsibility to maintain an ongoing dialogue with the shareholders and the investment community, and will regularly review the Shareholders Communication Policy to ensure its effectiveness.

For the year ended 31 December 2022, the Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholders Communication Policy has been properly implemented during the year under review and is effective.

DIVIDEND POLICY

According to the dividend policy adopted by the Company, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account among others, the following factors: (i) the actual and expected financial performance of the Group, (ii) the retained earnings and distributable reserves of the Group, (iii) the expected working capital requirements and future expansion plans of the Group, (iv) the liquidity position of the Group and (v) any other factors that the Board deems appropriate. The declaration and payment of dividends by the Company shall be determined at the sole and absolute discretion of the Board and is also subject to compliance with all applicable laws and regulations including the laws of Bermuda and the Bye-laws.

INVESTOR RELATIONS

As a channel to further promote effective communication, the Group maintains a website at www.courageinv.com where the Company's annual and interim reports, notices, announcements and circulars are posted.

A printed copy of the Bye-laws has been published on the websites of the Company and the Hong Kong Stock Exchange. There had been no changes in the Company's constitutional documents during the year ended 31 December 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares is held by the public at 18 April 2023, being the latest practicable date before printing of this annual report.

Environmental, Social and Governance Report

OVERVIEW

The Board is pleased to present the Environmental, Social and Governance ("**ESG**") Report of the Group, which reviews the Group's ESG initiatives, plans, and performance, as well as its sustainable development in respect of environmental protection, labour practices, business operations, supply chain management, and other issues. As a responsible corporate citizen, the Group views ESG commitments as part of its social responsibilities and is committed to incorporating ESG considerations into its decision making process.

INTRODUCTION

The Group is principally engaged in the business of marine transportation, investment holding, property holding and investment, and merchandise trading. The marine transportation business comprises vessel chartering activities, and the merchandise trading business focuses on the trading of electronic components.

The Environmental, Social and Governance report ("**ESG Report**") summarises the ESG initiatives, plans, and performance of the Group in relation to environmental protection, labour practices, business operations, supply chain management, and other issues. The Group focuses on the expectations and concerns of its stakeholders, and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The Group conducts a top-down management approach with respect to ESG issues. The Board holds the overall responsibility for the Group's ESG strategy and reporting, as well as overseeing and managing its ESG-related issues. The Board regularly reviews and confirms the Group's ESG-related risks and opportunities, performance, goals, targets, progress over time, management approach and policies, with the assistance of the Group's designated personnel from the business and functional departments. The Board also ensures the effectiveness of its ESG risk management and internal control mechanisms. The Board discusses and reviews progress made against ESG-related goals and targets at least once annually with the assistance of the Group's designated personnel.

The Group's designated personnel from the business and functional departments facilitate the Board's oversight of ESG-related issues. Their duties include overseeing and reviewing the Group's ESG-related policies, performance, management approach, risks and opportunities, as well as reporting and recommending improvements on ESG-related matters to the Board. They also propose and recommend the Group's ESG-related strategies, priorities, goals and targets to the Board. In addition, they prepare the ESG reports and present them to the Board for approval.

Reporting Period

The ESG Report specifies the ESG activities, challenges, and measures taken by the Group during the year ended 31 December 2022 ("**FY2022**") as well as the comparative data for the year ended 31 December 2021 ("**FY2021**") where appropriate.

REPORTING SCOPE

The senior management of the Group has discussed and identified the reporting scope of ESG-related matters based on the materiality principle and after having considered the Group's core business and main revenue source. The ESG Report covers all of the Group's business activities (except for the merchandise trading activities, as explained below), and the Group's business operation is mainly office-based. The ESG Report serves to provide details of the Group's ESG policies and initiatives with respect to its businesses. The Group's merchandise trading operation, which is included in the ESG Report for the year ended 31 December 2020, is not covered in the ESG Report for FY2021 and FY2022 because the business was temporarily halted and did not generate any revenue during FY2021 and FY2022.

The ESG key performance indicator ("**KPI**") data was gathered from the companies and subsidiaries that are under the Group's direct operational control. The KPIs are shown in the ESG Report and are supplemented by explanatory notes to establish benchmarks. The Group will extend the scope of disclosures when and where applicable.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set out in Appendix 27 to the Hong Kong Listing Rules. Information relating to the Group's corporate governance practices is set out in the "Corporate Governance Report" on pages 21 to 32 of this annual report.

During the preparation of the ESG Report, the Group has applied the following reporting principles, which are set out in the ESG Reporting Guide:

Materiality: A materiality assessment is conducted to identify material issues during FY2022, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues are reviewed and confirmed by the Board and senior management. Further details of "Materiality Assessment" are set out in the section below.

Quantitative: The standards and methodologies used in the calculation of relevant data in the ESG Report, as well as the applicable assumptions are disclosed. The KPIs are supplemented by explanatory notes to establish benchmarks where appropriate.

Balance: The ESG Report provides an unbiased picture of the Group's ESG-related matters by avoiding selection, omissions, or presentation formats that may inappropriately influence a reader's decision or judgment.

Consistency: The approach adopted in preparing the ESG Report is substantially consistent with the one adopted in FY2021. Explanations are provided for data with changes to the scope of disclosure or calculation methodologies.

The ESG Report has been internally reviewed by the Group's senior management and approved by the Board.

CONTACT US

The Group welcomes all questions, feedback and suggestions from stakeholders. You can provide valuable advice in respect of the ESG Report or our performance in sustainable development by writing to Room 1501, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong or by email to courage@courageinv.com.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. The Group maintains close communication with its key stakeholders, including but not limited to, government and regulatory authorities, shareholders and investors, employees, customers, suppliers, as well as the media and the public.

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communication channels, as shown below:

Stakeholders	Communication Channels	Expectations
Government and regulatory authorities	• Routine reports • Written or electronic correspondences • Supervision on relevant laws and regulations	• Compliance with relevant laws and regulations • Stability in business operations
Shareholders and investors	• General meetings and other shareholders' meetings • Annual and interim reports • Announcements and circulars • Investor meetings • Company website	• Sustainable profitability • Shareholders' return • Corporate governance • Business compliance
Employees	• Training, seminars and briefing • Performance reviews • Intranet • Regular staff meetings • Electronic correspondences	• Remuneration, compensation and benefits • Comfortable working environment • Employee development and training
Customers	• Company service hotline and email • Face-to-face meetings	• High-quality products and services • Prompt response and customer satisfaction
Suppliers	• Suppliers' satisfactory assessment • On-site visits • Regular calls and meetings	• Fair and open procurement • Win-win cooperation • Compliance with relevant laws and regulations • Risk management
Media and the public	• ESG reports • Company website • Regular reports and announcements	• Transparency of financial and ESG issues disclosure • Compliance with relevant laws and regulations

The Group aims to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through the proper communication channels. In the long run, the stakeholders' contributions will aid the Group in improving potentially overlooked ESG aspects.

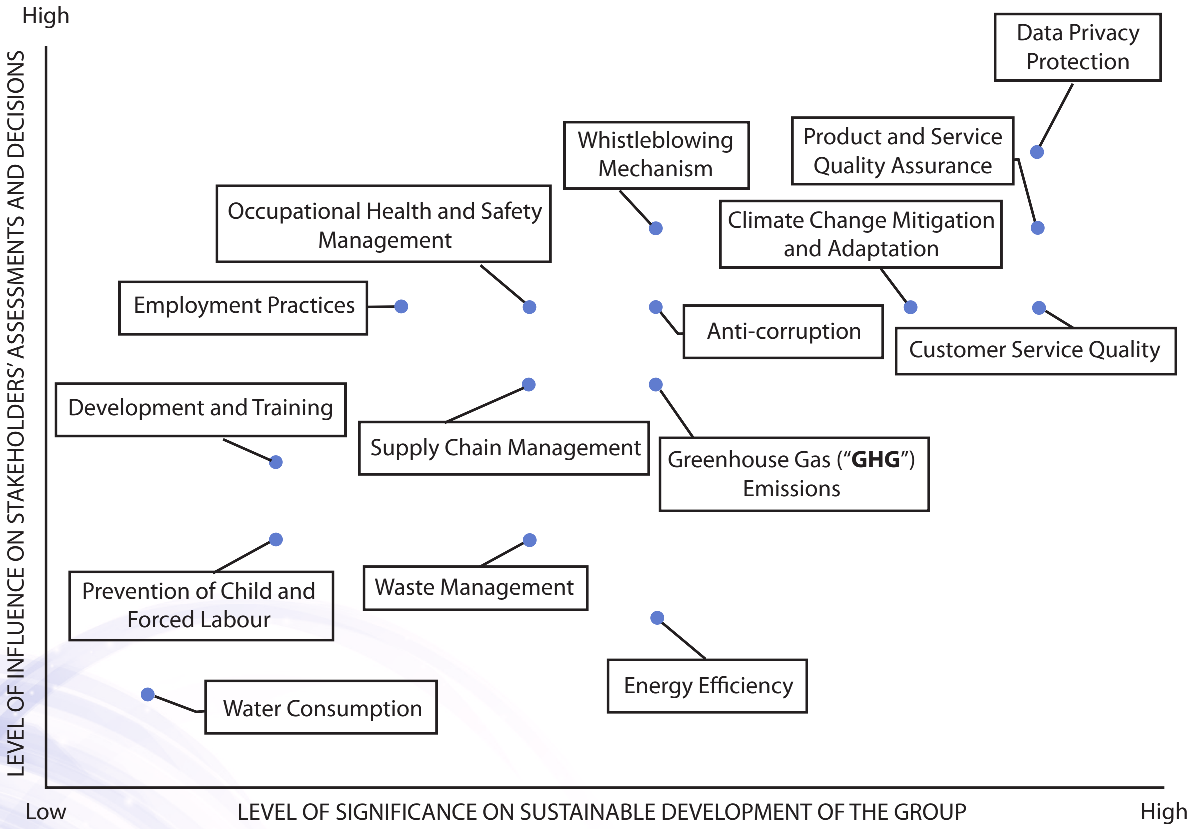
MATERIALITY ASSESSMENT

Materiality assessment is the process of identifying, refining, and assessing ESG issues that could affect the Group's businesses and its stakeholders. The results of the materiality assessment are used to formulate strategy, set targets, and determine the focus of the ESG report. Materiality assessment enables the Group to analyse business risks and opportunities, which support the sustainable development of its businesses.

The Group values the feedback of stakeholders and their opinions on which ESG aspects they consider material. With the assistance of the Group's management, a list of material ESG issues has been identified based on the Group's businesses, the ESG Reporting Guide, and an analysis of industry peers. During FY2022, the Group conducted a materiality assessment survey to prioritise the identified material ESG issues. Management and employees of different business units and departments were invited to evaluate the significance of the identified ESG issues to the stakeholders and the Group's businesses. Based on the results of the survey, the Group compiled the materiality matrix below. The results of the materiality assessment were reviewed by the Group's management and approved by the Board.

As there were no substantial changes to the Group's businesses, the materiality of ESG issues this year remains the same as last year. The materiality matrix below summarises the Group's material ESG issues included in the ESG Report:

Materiality Matrix



The Group confirmed that it has established appropriate and effective management policies and internal control systems to address the material ESG issues, and to ensure that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

A. ENVIRONMENTAL

The Group is committed to mitigating its environmental impacts and incorporating sustainability into its business strategy. To enhance decarbonisation and address stakeholders' concerns, which are reflected in the identified material ESG issues, the Group has set environmental targets in regard to GHG emissions, waste management, energy consumption, and water use. By doing so, the Group further demonstrates its commitment to environmental protection. The Group regularly reviews the progress towards these targets and the effectiveness of its environmental protection measures, further details are set out in the below sections under Aspects A1 and A2.

A1. Emissions

The Group recognises the importance of operating its business in a sustainable manner. As such, the Group continuously improves existing policies and incorporates new policies with the intention of mitigating potential direct and indirect negative environmental impacts arising from the Group's business operations.

During FY2022, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Air Pollution Control Ordinance, Waste Disposal Ordinance, and Water Pollution Control Ordinance of the laws of Hong Kong.

Air Emissions

As a Group engaged in the business of marine transportation, the three vessels owned by the Group were leased out on a time charter basis virtually throughout the whole of FY2022. The fuels used by the vessels were therefore not under the direct control of the Group but the charterers, although the Group understood that the use of fuels by the charterers were in all material respects complied with the relevant environmental rules and regulations. The Group considers that the air emissions directly produced by the Group during FY2022 were immaterial.

GHG Emissions

The principal GHG emissions produced by the Group were from purchased electricity (Scope 2) and office paper disposal (Scope 3). During FY2021, the Group has set a target to reduce the total GHG emissions intensity by 10% by the year ended 31 December 2026 ("**FY2026**"), using FY2021 as the baseline year. To achieve the set target, the Group has adopted the following measures to reduce direct GHG emissions, indirect GHG emissions and other indirect GHG emissions.

Scope 1- Direct GHG Emissions

During FY2022, the three vessels owned by the Group were virtually leased out throughout the whole of FY2022, and as the Group did not own any vehicles, the Group's operations did not produce any direct GHG emissions.

Scope 2 – Indirect GHG Emissions

Electricity consumption accounted for the indirect GHG emissions produced by the Group. The Group has implemented measures to reduce energy consumption, the measures are set out in the section headed "Energy Efficiency" under Aspect A2 below.

Scope 3 – Other Indirect GHG Emissions

Paper waste disposal by employees accounted for the other indirect GHG emissions. Measures implemented to reduce paper waste disposal are set out in the section headed "Waste Management" under Aspect A1 below.

During FY2022, the Group's total GHG emissions intensity increased by 19.23% from approximately 0.26 tCO_2e per employee in FY2021 to approximately 0.31 tCO_2e per employee in FY2022. This was mainly due to an increase in business activities. The Group is in the process of achieving the aforementioned target and will continue to promote measures to reduce GHG emissions in the future.

Summary of GHG emission performance:

Indicator[1]	Unit[2]	FY2022	FY2021
Scope 2 – Indirect GHG emissions • Purchased electricity	tCO_2e	4.27	3.59
Scope 3 – Other indirect GHG emissions • Paper waste disposed at landfills	tCO_2e	0.72	0.51
Total GHG emissions	tCO_2e	4.99	4.10
Total GHG emissions intensity[3]	tCO_2e/employee	0.31	0.26

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "Global Warming Potential Values" from the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC) (2014) and the Sustainability Report 2022 published by HK Electric.

2. tCO_2e is defined as tonne of carbon dioxide equivalent.

3. As at 31 December 2022, the Group had 16 (2021: 16) employees including directors of the Company. This data is also used for calculating other intensity data in this ESG Report.

Waste Management

Hazardous Waste Management

Owing to the Group's business nature, no material hazardous waste was produced by the Group during FY2022.

Non-hazardous Waste Management

Most of the non-hazardous waste produced by the Group was office paper. Although its operations do not generate a significant amount of non-hazardous waste, the Group endeavours to further reduce the waste produced by implementing "green office" initiatives. During FY2021, the Group has set a target to provide waste separation bins for collecting recyclables, including paper, plastic, and glass in the Group's office from FY2022 onwards. Furthermore, the Group will continue to implement waste reduction measures, such as those listed below, with the goal of reducing waste from the sources. The green measures include but are not limited to the following:

- print electronic correspondences only when necessary;
- reuse single-sided office paper;
- encourage double-sided printing or photocopying;
- procure paper bearing the Forest Stewardship Council Recycled Label; and
- recycle outdated office supplies and electronic equipment after their life cycles.

During FY2022, the Group's total non-hazardous waste intensity increased by about 28.57% from approximately 0.007 tonne per employee in FY2021 to approximately 0.009 tonne per employee in FY2022. This was mainly due to an increase in business activities. The Group has provided waste separation bins for collecting recyclables during FY2022 in order to achieve the aforementioned target. The Group will continue to promote measures to reduce paper consumption and provide waste separation bins for recyclables in the future.

Summary of non-hazardous waste discharge performance:

Category	**Unit**	**FY2022**	**FY2021**
Office paper	tonne	0.151	0.107
Total non-hazardous waste	tonne	0.151	0.107
Total non-hazardous waste intensity	tonne/employee	0.009	0.007

Sewage Discharges into Water and Land

Owing to the Group's business nature, the Group's business activities do not consume a significant volume of water during its daily operations, and thus it does not generate a material portion of sewage. As wastewater from the Group will be discharged into a sewage pipe network connected to a regional water purification plant, the water consumed by the Group is considered sewage discharged. Further details of water consumption are set out in the section headed "Water Consumption" under Aspect A2 below.

A2. Use of Resources

The Group upholds and promotes effective use of resources and is committed to optimising their use across business operations. The Group keeps track of the ESG-related KPIs through its internal monitoring programme on procurement and use of resources and established relevant policies and procedures in resource management.

Energy Efficiency

During FY2022, the energy consumed by the Group was mainly electricity used for daily operations, which was an indirect energy consumption. As all of the Group's vessels were leased out virtually throughout the whole of FY2022, the Group had no direct energy consumption during the year. Nevertheless, to promote energy conservation and enhance energy efficiency in business operations, the Group has set a target in FY2021 to change all office lighting to LED bulbs by FY2026. The Group also adopts the following energy-saving measures:

- post eye-catching stickers on energy conservation as a reminder to employees;
- switch off unnecessary lighting and electrical appliances when not in use;
- purchase energy-efficient equipment to replace retired equipment;
- set all computer screens and printers to standby mode after a certain period; and
- participate in energy-saving campaigns, including the Earth Hour lights-out campaign.

The Group will investigate anomalies in electricity consumption to identify the root causes and carry out the corresponding preventative measures.

During FY2022, the Group's total energy consumption intensity increased by approximately 24.06% from approximately 316.38 kWh per employee in FY2021 to approximately 392.50 kWh per employee in FY2022. This was mainly due to an increase in business activities. The Group is currently making progress in achieving the aforementioned target, and will continue to enhance its energy conservation measures in order to reduce energy consumption.

Summary of energy consumption performance:

Type of energy	**Unit**	**FY2022**	**FY2021**
Indirect energy consumption			
• Electricity	kWh	6,280.00	5,062.00
Total energy consumption	kWh	6,280.00	5,062.00
Total energy consumption intensity	kWh/employee	392.50	316.38

Water Consumption

Owing to the Group's business nature, the usage of water is confined to water used by employees in the office. Water consumption data was not available since water usage was covered in the office building management fees. The target for water efficiency is also not presented, as water consumption data is not available.

Although the water consumption of the Group is insignificant, the Group is dedicated to promoting the importance of water conservation to its employees. Apart from posting eye-catching stickers to promote water conservation, the Group also regularly inspects water taps to prevent leakage and encourages employees to cherish water usage, such as by reducing unnecessary water consumption in washrooms and pantry. The Group did not encounter any problems in sourcing water that was fit for its purpose and was not aware of any abnormal water usage during FY2022.

Use of Packaging Material

Owing to the Group's business nature, the use of packaging material is not considered a material ESG aspect of the Group.

A3. The Environment and Natural Resources

Although the core business of the Group has a remote impact on the environment and natural resources, the Group realises its responsibility to minimise any negative environmental impacts from its business operations as an ongoing commitment to good corporate social responsibility. The Group regularly assesses the environmental risks of its businesses, adopts relevant policies and preventive measures to reduce the risks and ensures compliance with the relevant laws and regulations. During FY2022, the Group had placed "green" deposits with banks as part of the pools of funds designated for financing green projects.

Indoor Air Quality

To ensure that the Group's work environment is pleasant, the indoor air quality in its workplace is regularly monitored. During FY2022, the indoor air quality of the Group's office was satisfactory. To improve indoor air quality, air purifying equipment is used in the office when considered appropriate and the air conditioning system is cleaned periodically. These measures maintained the indoor air quality at a satisfactory level by filtering out pollutants, contaminants and dust particles.

The Group believes that running an environmentally sustainable business model could greatly lower operational risk and in turn generate a more stable return to the Group and its shareholders. The Group is endeavoured to achieve this goal in the long term.

A4. Climate Change Mitigation and Adaptation

The Group recognises the importance of identifying significant climate-related issues and mitigating of the related risks and is thus committed to managing the potential climate-related risks that may impact the Group's business activities. The Group has an established risk management policy to govern the identification and mitigation of different risks, including climate-related risks. During FY2022, the Group conducted a climate change assessment to identify and mitigate the potential risks that may arise from its business operations. These risks mainly stem from the following dimensions:

Physical Risks

The increase in frequency and severity of extreme weather events such as typhoons, storms, and heavy rains can disrupt the Group's operations by causing floods, damaging the power grid and communication infrastructures, and hindering and injuring its employees and seafarers hired through crew agencies when they are at work or in commute. These could result in temporary, permanent or partial halt of the Group's business operations, which exposes the Group to risks associated with non-performance and delayed performance.

Besides, the extreme weather conditions may cause damage to the Group's vessels, resulting in substantial maintenance, repair or replacement costs. Other risks posed by extreme weather conditions such as the risk of detention, sinking, collision and other marine disasters could also significantly hinder the operations of the Group's marine transportation business. Any damage to the vessels may cause environmental pollution, including but not limited to fuel leakage and disposal of vessel debris. In certain circumstances, severe weather conditions could cause loss or damage to cargo and property, which would affect the Group's financial performance and require significant resources for remedies if any accidents occurred.

To better manage the aforementioned physical risks, the Group has evaluated the possible extreme weather events that could influence the Group's business operations and has included the relevant risks in the Group's risk management system. Moreover, the Group has formulated a crisis response plan to reduce the negative impacts brought by extreme weather events. When extreme weather events occur or are expected to occur, senior management will respond as planned and communicate with employees about the work arrangement in a timely manner to ensure employee safety and operation continuity. The Group will also from time to time review its response plan, which sets out appropriate solutions for employees to follow, so the employees will know how to respond if any of the essential work arrangements become unavailable due to extreme weather events.

Transition Risks

Policy and Legal Risks

The Group anticipates that there will be more stringent climate legislation and regulations to support the global vision of carbon neutrality. From a listed company's perspective, the Group acknowledges the increasing requirements for climate-related information disclosures. In addition, climate change may lead to higher emissions standards and regulations on vessels. Failure to meet the compliance requirements for climate change may harm the Group's corporate reputation and expose it to higher risks of claims and lawsuits. The Group expects the related capital investment and compliance costs to increase accordingly.

In response to policy and legal risks, as well as reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate change, and ensures the senior management is aware of any changes in policies or legislation in order to avoid unnecessary costs or non-compliance fines, and to reduce reputation risks resulting from delayed responses. The Group has also included the above-mentioned transition risks in its risk management system, which will be reviewed regularly.

Market Risk

Under the advocation of "Net Zero", which refers to an ambition to achieve net zero GHG emissions, and the global vision of decarbonisation, there are an increasing number of investors who advocate for combating climate change. If the Group fails to implement effective measures to manage climate risks, investors may disinvest. To cope with the potential risk of disinvestment, the Group intends to maintain a high level of transparency in ESG reporting and its related activities, which helps to establish trust and confidence between the Group and investors. The Group also sets targets for and endeavours to make commitments to ESG-related issues. The Group also reviews the progress in its ESG-related matters to ensure the Group's development is aligned with the global trend.

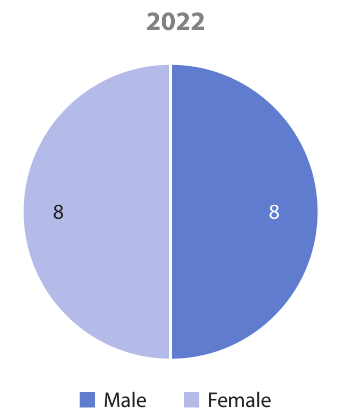
B. SOCIAL

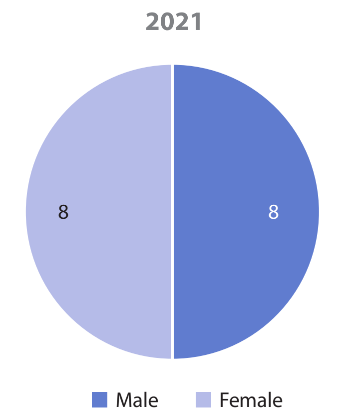
B1. Employment Practices

Human resources are the foundation of the Group. The Group recognises that sustainable growth relies on good recruitment and retention practices.

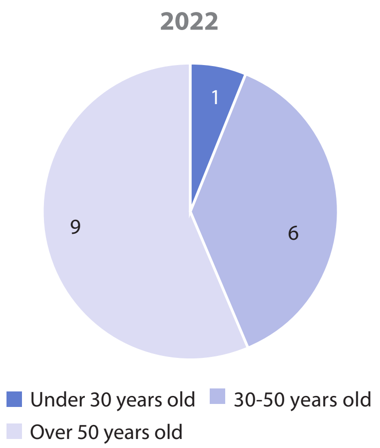
As at 31 December 2022, the Group had 16 (31 December 2021: 16) full-time employees in total. Seafarers and other crew ashore and aboard are employed and managed by the crew agency and are therefore not included in the Group's workforce. The distribution of employees by gender, age group, geographical region, and employee category is as follows:

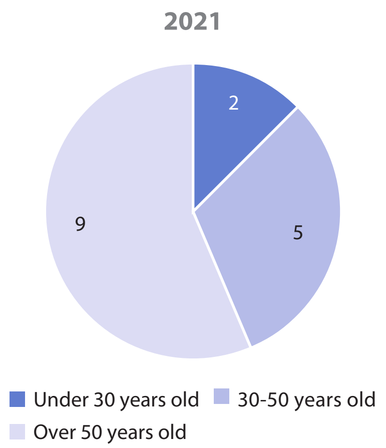
(i) Total Workforce by Gender



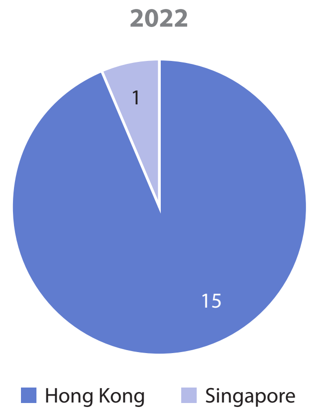


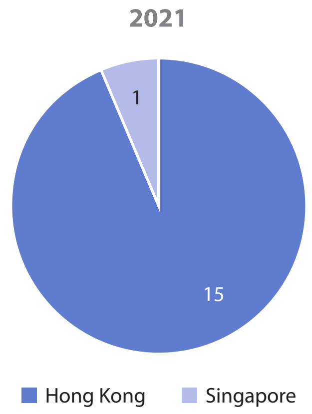
(ii) Total Workforce by Age Group



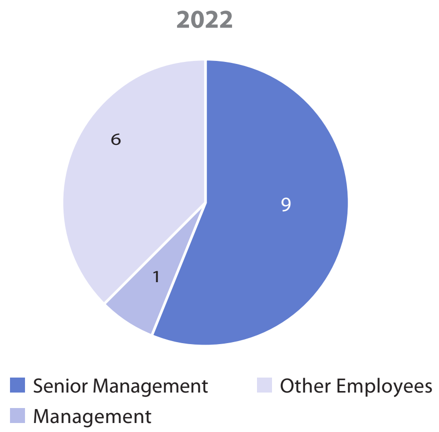


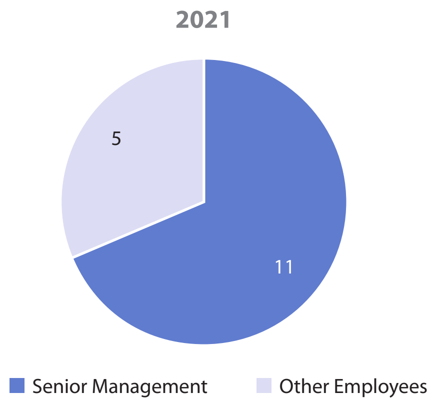
(iii) Total Workforce by Geographical Region





(iv) Total Workforce by Employee Category





During FY2022, the total number of employees leaving employment was 2 (FY2021: 1), and the total employee turnover rate[4] was approximately 12.50% (FY2021: 6.25%).

The overall employee turnover rate by gender, age group and geographical region are as follows:

	Turnover Rate[5]	
	FY2022	**FY2021**
By Gender		
Male	12.50%	–
Female	12.50%	12.50%
By Age Group		
Under 30 years old	–	–
30 – 50 years old	16.67%	20.00%
Above 50 years old	11.11%	–
By Geographical Region		
Hong Kong	13.33%	6.67%
Singapore	–	–

Notes:

4. The total employee turnover rate is calculated by dividing the number of employees leaving employment during the reporting period by the number of employees at the end of the reporting period.

5. The turnover rate by category is calculated by dividing the number of employees in the specified category leaving employment during the reporting period by the number of employees in the specified category at the end of the reporting period.

During FY2022, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, Sex Discrimination Ordinance, and Employees' Compensation Ordinance of the laws of Hong Kong.

Relevant employment policies are formally documented in the Employee Handbook, Code of Conduct and Ethics, and Management for Crew Employment/Manning. The policies cover topics such as recruitment and remuneration, compensations, working hours and rest periods, diversity and equal opportunity, etc. The Group periodically reviews its current employment practices and policies to ensure continuous improvement of its employment standards and competitiveness against companies in similar industries.

Recruitment, Promotion and Remuneration

Talent acquisition is vital to the sustainable development of the Group's businesses. Employees are recruited via a robust, transparent, and non-discriminatory recruitment process based on their merits and their potential to fulfil the Group's current and future needs.

Remuneration and promotion are based on job-related skills, qualifications and performance. The Group conducts annual performance and salary reviews to determine salary adjustments and/or promotion opportunities.

The Group also ensures that all hired seafarers operating on its vessels possess the necessary credentials required by the International Safety Management ("**ISM**") Code.

Working Hours and Rest Periods

To facilitate employees' work-life balance, the Group has formulated policies for determining working hours and rest periods for employees, following local employment laws. The Group adopts a five-day workweek, and its employees are entitled to basic leaves such as sick leave, annual leave, vaccination leave, maternity leave, paternity leave, marriage leave and bereavement leave.

Compensation and Dismissal

All employees are covered under the Employees' Compensation Ordinance of the laws of Hong Kong upon joining the Group. The statute protects employees who are injured in the course of their employment due to an accident. Unreasonable dismissal under any circumstances is strictly prohibited, while dismissal would be based on reasonable and lawful grounds supported by internal policies of the Group.

Equal Opportunity, Diversity and Anti-discrimination

The Group's sustainable growth is dependent on the diversity of its talents, and it is thus committed to creating and maintaining an inclusive and collaborative workplace culture. Furthermore, the Group is committed to providing equal opportunities in all aspects of employment and protecting its employees from discrimination, physical or verbal harassment, and other forms of harassment based on gender, age, religion, disability, ethnicity, political stance, marital status and other factors. The Group also strives to ensure that complaints, afflictions and concerns, including whistleblowing, are dealt with promptly and confidentially. The Group has zero tolerance for sexual harassment or abuse in the workplace in any form.

Other Benefits and Welfare

The Group understands that good benefits and welfare encourage staff retention and foster a sense of belonging, as such, the Group seeks to provide additional remuneration and benefits to employees where possible. Remuneration packages for employees usually include discretionary bonuses, annual leave, vaccination leave, maternity leave, paternity leave, marriage leave and bereavement leave. Except for the aforementioned entitlement to various leaves, employees are also entitled to benefits such as medical insurance and other clinical benefits. Other allowances are also available to employees, such as travel allowances and education subsidies.

B2. Health and Safety

Occupational Health and Safety Management

During FY2022, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance of the laws of Hong Kong. There were no reported cases of work-related fatalities or lost days due to work injury during FY2022 (FY2021: nil). In the past three years, the Group had no cases of work-related fatalities.

Providing employees with a safe and healthy work environment is of utmost importance to the Group. Therefore, the Group has set out comprehensive policies to safeguard the interests and well-being of all employees. Health and safety measures that are applicable to an office-based business operation are limited. Nevertheless, the Group is committed to safeguarding the well-being of all employees. In the office, fire extinguishers are appropriately placed, fire exits are free from obstructions, and first aid boxes can be found around the premises. Relevant safety policies are reviewed annually, or soon after an incident arises, to ensure their relevancy.

For the marine transportation operation, the Group has established a sound safety management system with a comprehensive Safety Management Manual and Shipboard Emergency Plan to assist its crews and ashore staff in dealing with unexpected incidents and the subsequent approach to minimise damages, losses, or hazardous outputs. The Group understands that the potential impact of an incident on the marine transportation operation would be greater than that on an office-based operation. Therefore, the Group convenes a safety management system review meeting at least once every year to review the effectiveness of the safety management system, and reviews whether the latest ISM code has been properly dealt with. Relevant training sessions will be provided to staff where necessary.

Response to COVID and the variant viruses

In response to the COVID pandemic, the Group has taken measures to enhance health and safety precautions in the office to ensure the well-being of the employees, and the Group's internal safety and business continuity. In addition to increasing the frequency of cleaning and disinfection in the office areas, staff is recommended to wear surgical masks in the office, take temperature checks before entering the Group's premises, and uphold good personal hygiene practices. The Group has also issued a detailed guideline to advise employees on responsive actions when there are infections among its employees and their family members.

B3. Development and Training

Training and continuous development are essential for the Group's employees to keep up with the industry's ever-changing trends. As such, the Group takes a proactive approach to providing employees with opportunities to advance their careers by encouraging them to apply for internal and external training courses to refresh prior knowledge and acquire new knowledge. The Group has adopted relevant policies and measures to standardise the management of employees' training.

Regular training and drills are carried out to familiarise employees and vessel crews with the Group's policies and any newly updated guidelines. Trainings range from proper shipboard operation, to correct emergency procedures for awareness of marine pollution prevention. The Group believes that proper training lowers the risk of avoidable incidents and ensures compliance with the provisions set out by the International Maritime Organisation. The content of internal training sessions is regularly updated to reflect industry standards and the Group's business nature in order to provide maximum benefits to employees.

During FY2022, 75.00%[6] (FY2021: 75.00%) of the Group's employees have received training, with an average of 36.56 training hours[7] (FY2021: 24.75 hours) per employee. The percentage of trained employees, breakdown of trained employees, and average number of training hours per employee, by gender and employee category, are as follows:

	Percentage of trained employees[8] (%)		Breakdown of trained employees[9] (%)		Average training hours per employee [10] (hours)	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
By Gender						
Male	100.00	87.50	66.67	58.33	59.38	33.00
Female	50.00	62.50	33.33	41.67	13.75	16.50
By Employee Category						
Senior management	100.00	100.00	75.00	91.67	58.89	34.18
Management	100.00	–	8.33	–	25.00	–
Other employees	33.33	20.00	16.67	8.33	5.00	4.00

Notes:

6. This percentage is calculated by dividing the total number of trained employees during the reporting period by the total number of employees at the end of the reporting period.

7. The average training hours per employee is calculated by dividing the total number of training hours during the reporting period by the total number of employees at the end of the reporting period.

8. The percentage of trained employees by category is calculated by dividing the number of trained employees in the specified category during the reporting period by the number of employees in the specified category at the end of the reporting period.

9. The breakdown of trained employees by category is calculated by dividing the number of trained employees in the specified category during the reporting period by the total number of trained employees at the end of the reporting period.

10. The average training hours by category is calculated by dividing the number of training hours for employees in the specified category during the reporting period by the number of employees in the specified category at the end of the reporting period.

B4. Labour Standards

Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited as defined by laws and regulations. The Group does not employ children before they reach the legal age to work as defined by the relevant laws and regulations. The Group guarantees that no employee will be forced or persuaded to work in the Group against their will, experience any form of threatening or abusive behaviour, or be subjected to any type of coercion or punishment in the workplace.

Personal data is collected during the recruitment process detailed in the Group's New Employee Recruitment Procedures to assist in the selection of suitable candidates and the verification of the candidates' personal data. The human resources department will ensure that the identity documents are carefully checked and that the selected candidate has reached the legal age to work. If any employees suspect a violation is involved, they should report it to their supervisors or the Group's human resources department. Once the Group discovers any case that fails to conform to the relevant labour laws, regulations, or standards, the relevant employment contract will be immediately terminated.

During FY2022, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of the laws of Hong Kong.

B5. Supply Chain Management

The Group selects suppliers based on their technical proposals, prevailing market prices, delivery times and reputations. To prevent jeopardising its own service provision, the Group strives to avoid over-reliance on a single supplier. An annual performance evaluation is performed to assess the suppliers' quality of products and services. Contracts with suppliers or subcontractors may be deactivated or terminated if the expectations of the Group are not met. Any discrimination against certain vendors without reasonable grounds and any types of business bribery are strictly prohibited. In addition, the Group's Ship Supply Procedures are in place to ensure quality and safety when purchasing ship supplies.

The Group follows the rules and regulations set down by the International Maritime Organisation and the ship classification societies to manage the environmental and social risks in relation to its marine transportation operation. In addition, the Group undertakes onsite inspections regularly to monitor the suppliers' or subcontractors' business procedures to reduce its social and environmental risks along the supply chain. Any non-compliance with the relevant environmental and social rules and regulations discovered during the onsite inspection of a supplier or subcontractor will be promptly reported to the Group's management. A corrective action plan will be carried out by management to remediate the identified risk in a timely manner.

The Group encourages its business partners and suppliers to consider the risks posed to their operations from climate change and to mitigate the related environmental impacts on them during supplier management meetings and events. Suppliers with the ISO 14001: Environmental Management System (EMS) certificate will be prioritised in the Group's supplier engagement process.

Fair and Open Tendering

The Group has developed a tendering procedure to engage suppliers in a fair and competitive manner, under which senior management is responsible for all the decision making during the tendering process. The Group strictly prohibits differentiation or discrimination against certain suppliers, and it monitors and prevents all kinds of business bribery in a serious manner. Employees or personnel having any direct or indirect interests associated with the suppliers would not be involved in any business negotiation process with the suppliers.

Apart from requiring its suppliers and subcontractors to comply with local regulations, the Group is also aware of the importance of enhancing their environmental and safety performance. The management team also regularly inspects the product quality and the environmental, health and safety conditions of its suppliers. During the selection process, to promote improvements in environmental performance, suppliers, subcontractors and vendors are encouraged to consider and manage their environmental and social issues in their operations for priority consideration. The Group maintains close communication with suppliers, understands their supply and services, resolves the related supply and service issues, and makes corresponding improvement measures. The Group also shares sustainable operating practices and disseminates environmental concepts, including the latest knowledge on quality, safety, and good employment and environmental practices.

During FY2022, the Group has 6 (FY2021: 6) major suppliers, and 2 (FY2021: 3) of them are covered by the supplier engagement practices mentioned above. The distribution of major suppliers by geographical region is as follows:

	Number of Major Suppliers	
By Geographical Region	**FY2022**	**FY2021**
Hong Kong	2	2
PRC	2	2
Singapore	2	2

B6. Product Responsibility

The Group's mission is to provide the best products and services to its customers. Therefore, the Group has systems and controls in place to monitor the status and progress of all its business activities carried out by different levels of staff to ensure high-quality products and services are delivered to its customers.

During FY2022, the Group was not aware of any incidents of non-compliance with laws and regulations in relation to privacy issues and any compensation regarding health and safety, advertisement, and labelling for products and services provided that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance, the Trade Descriptions Ordinance, and the Food Safety Ordinance of the laws of Hong Kong and the Food and Drugs (Composition and Labelling) (Amendment) (No. 2) Regulation 2014.

Product and Service Quality Assurance

The Group understands the necessity of further safeguarding the health and safety matters of its marine transportation business. In addition to strict compliance with the ISM code, the Group has established a number of policies to stipulate the responsibilities of each officer on board the vessels. In particular, the Group has a well-established shipboard emergency alert mechanism, under which a Safety Committee and an Emergency Response Team have been set up to investigate and handle any shipboard hazardous occurrences or emergency incidents. In the case of damage, breakdown, malfunction and defects in the vessels' hull, equipment and machinery, the Group has established the Ship Management Procedure and the Deficiency Management Procedure to determine the appropriate corrective and preventative actions required to address the issue.

During FY2022, there was no product sold or shipped subjected to recall for safety and health reasons.

Data Privacy Protection

The Group respects the value of its customers' information and protects their rights to data privacy by strictly enforcing the standards of the information security management systems. In addition, the Group has provisions regarding data privacy in its Code of Conduct and Ethics. Employees are trained to respect the confidentiality of customers' information. Any leakage of confidential information to third parties is strictly prohibited. The Group has also implemented firewall, anti-virus and anti-spam measures for its information technology ("**IT**") systems to safeguard customer confidential information, and such measures are routinely upgraded.

Customer Service Quality

The Group welcomes feedback from customers, as it is the key to enhancing the Group's services. The Group has set up procedures for handling feedbacks or complaints; any feedback or complaint will be recorded in detail, and appropriate follow-up actions will be taken. Should a feedback or complaint bears significant weight in the improvement of the Group's services, the feedback or complaint will be considered a case study to prevent future recurrence. During FY2022, the Group did not receive any product- or service-related complaints.

Advertising and Labelling

Owing to the Group's business nature, it has an insignificant amount of business dealing with advertising and labelling matters.

Protection of Intellectual Property ("IP") Rights

IP rights are not considered a material ESG aspect of the Group owing to its business nature. Nevertheless, the Group has established relevant guidelines to govern IT management within the Group. In addition, the IT department is responsible for obtaining proper licences for the software, hardware and information used in the Group's daily business operations. Duplication or downloading of information, software and images from the internet must be approved by the relevant department head. Furthermore, the Group closely monitors the infringement actions in the market and prevents the emergence of any infringement behaviour among the employees. The Group regularly monitors its employees to ensure that IP rights are not being infringed upon.

B7. Anti-Corruption and Whistleblowing

Anti-corruption

Solid corporate governance and risk management are essential to the Group's long-term development and sustainable growth. The Group endeavours to continuously improve its corporate rules and regulations and ensure strict compliance with local laws and regulations. The Group values and upholds integrity, honesty and fairness in how the Group conducts business. The Group emphatically asserts its zero-tolerance stance regarding any behaviours that not only violate local laws and regulations but also severely damage the Group's reputation.

During FY2022, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud, and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance of the laws of Hong Kong. There were also no legal cases regarding corruption practices brought against the Group or its employees.

The Group affirms its zero-tolerance policy regarding corruption, fraud and all other behaviours that severely violate professionalism and work ethics. The Code of Conduct and Ethics and the Conflict of Interest and Transactions with Interested Persons Policy have been formulated by the Group to prevent misconduct and promote ethical and honest business behaviour. Moreover, board members and all staff are required to declare their interests, gifts or hospitality received in connection with their role within the Group.

To ensure that all employees can perform their duties with high ethical standards and professionalism, the Group has arranged internal and external anti-corruption and corporate governance training and encouraged employees to actively learn about the latest developments and future trends in global anti-money laundering. During FY2022, the Group's directors and employees had received a total of 9 hours (FY2021: 10 hours) and 11 hours (FY2021: 8 hours) of anti-corruption training, respectively.

Whistleblowing Mechanism

The Group has established the Whistleblowing Policy, which sets out the reporting and investigative procedures to facilitate the reporting of any fraudulent activities. The Group intends to protect the whistle-blower from common concerns such as confidentiality, reprisal and potential retaliation. A corporate email address has been set up for access by the Chairman of the Audit Committee and all independent non-executive directors for whistleblowing purposes. For any report received, the Audit Committee will consult with the Chairman of the Board and independent non-executive directors about any preventive measures to be put in place to prevent future breaches of a similar nature from taking place. The Audit Committee will coordinate with the relevant department(s) to implement such preventive measures and regularly review the efficacy of the said measures. The Group provides assurance to the whistle-blower reporting in good faith against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

B8. Community Investment

Community Participation

The Group realises the importance of giving back to society and is committed to supporting the community by various means of social participation and contribution as part of its strategic development. As a responsible corporation, the Group has established relevant guidelines on community investment to encourage its employees to engage in community services and voluntary activities. Since the Group's core business of marine transportation will result in unavoidable carbon emissions and other environmental footprint when its vessels are chartered for use, the Group has identified environmental concerns as its focus area of contribution for community investment, particularly in the area of marine conservation.

During FY2022, the Group devoted significant resources to maintaining its business operations amidst the pandemic, including various supports for its staff and vessel crews, and suspended all philanthropic activities. The Group will focus more on social participation and community investment when the pandemic eases.

Deloitte. 德勤

TO THE SHAREHOLDERS OF COURAGE INVESTMENT GROUP LIMITED
勇利投資集團有限公司
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Courage Investment Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 58 to 115, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INspire HK
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KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of vessels	
We identified the impairment assessment of vessels as a key audit matter due to the significance of the balance and management's judgement required in the assessment. The carrying value of vessels was US$40,167,000 as at 31 December 2022. As disclosed in note 4 to the consolidated financial statements, the management determines the recoverable amount of the vessels based on the higher of value in use and fair value less costs of disposal and compares such recoverable amount to the carrying amount to determine if any impairment loss or reversal of impairment loss should be recognised. At 31 December 2022, the recoverable amount of the vessels was determined based on the valuation carried out by an independent qualified professional valuer using market approach based on the direct comparison method by making reference to the recent sale transactions of similar vessels with similar age and condition. An impairment loss of US$797,000 was recognised as set out in note 15 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of vessels included: • Assessing the methodologies used by the management for the impairment assessment; • Obtaining the valuation reports from the independent qualified professional valuer on the vessels to evaluate the relevance of key data inputs underpinning the valuation, including the recent transactions of vessels of similar age and condition from open sources; • Checking, on a sample basis, the accuracy and relevance of the input data used in the value in use calculation by the management; and • Assessing the reasonableness of the management's key assumptions used in the value in use calculation based on available market data of the vessel chartering industry.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lam Shu Lung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 US$'000	2021 US$'000
Revenue			
Marine transportation income		**12,079**	8,976
Interest income		**293**	581
Property rental income		**–**	181
Total revenue	5	**12,372**	9,738
Direct expenses		**(7,000)**	(4,925)
Other income		**661**	82
Other gains and losses, net	7	**(272)**	(594)
Administrative expenses		**(1,335)**	(1,523)
Impairment loss (recognised) reversed on vessels	15	**(797)**	13,430
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	19	**(1,402)**	(5,360)
Share of result of a joint venture		**(758)**	87
Finance costs	8	**(346)**	(447)
Profit before tax	9	**1,123**	10,488
Income tax expense	10	**–**	–
Profit for the year attributable to owners of the Company		**1,123**	10,488
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture		**(394)**	136
Net decrease in fair value of debt instruments at fair value through other comprehensive income		**(2,439)**	(3,862)
Reclassification upon redemption of debt instruments at fair value through other comprehensive income		**(6)**	–
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	19	**1,402**	5,360
Other comprehensive (expense) income for the year, net of income tax		**(1,437)**	1,634
Total comprehensive (expense) income for the year attributable to owners of the Company		**(314)**	12,122
Basic earnings per share attributable to owners of the Company (US cent)	13	**0.10**	0.96

Consolidated Statement of Financial Position

At 31 December 2022

	Notes	2022 US$'000	2021 US$'000
Non-current assets			
Property, plant and equipment	15	**42,760**	42,345
Deposit paid for acquisition of property, plant and equipment		**–**	195
Right-of-use asset	16	**11**	135
Investment property	17	**–**	8,756
Interest in a joint venture	18	**4,015**	5,167
Debt instruments at fair value through other comprehensive income	19	**1,392**	2,731
		48,178	59,329
Current assets			
Other receivables and prepayments	20	**1,525**	999
Amount due from a joint venture	21	**669**	669
Debt instruments at fair value through other comprehensive income	19	**264**	3,814
Bank deposits	22	**13,618**	–
Cash and cash equivalents	22	**2,201**	7,640
		18,277	13,122
Total assets		**66,455**	72,451
Current liabilities			
Deposits received, other payables and accruals	23	**1,591**	311
Contract liabilities	24	**101**	15
Borrowings – due within one year	25	**2,122**	4,908
Lease liabilities	26	**12**	140
		3,826	5,374
Net current assets		**14,451**	7,748
Total assets less current liabilities		**62,629**	67,077

Consolidated Statement of Financial Position

At 31 December 2022

	Notes	2022 US$'000	2021 US$'000
Capital and reserves			
Share capital	27	**1,098**	1,098
Reserves		**60,040**	60,354
Total equity		**61,138**	61,452
Non-current liabilities			
Borrowings – due more than one year	25	**756**	4,878
Deposit received	23	**735**	735
Lease liabilities	26	**–**	12
		1,491	5,625
Total liabilities and equity		**66,455**	72,451

The consolidated financial statements on pages 58 to 115 have been approved and authorised for issue by the Board of Directors on 24 March 2023 and are signed on its behalf by:

Sue Ka Lok
DIRECTOR

Wang Yu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 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	549	–	41,029	(382)	10,362	251	(2,269)	49,540
Profit for the year	–	–	–	–	–	–	10,488	10,488
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture	–	–	–	–	–	136	–	136
Net decrease in fair value of debt instruments at fair value through other comprehensive income	–	–	–	(3,862)	–	–	–	(3,862)
Allowance for credit losses on debt instruments at fair value through other comprehensive income	–	–	–	5,360	–	–	–	5,360
Total comprehensive income for the year	–	–	–	1,498	–	136	10,488	12,122
Issue of shares under the Open Offer *(note 27)*	549	8,599	–	–	(8,831)	–	–	317
Transaction costs attributable to issue of shares *(note 27)*	–	(527)	–	–	–	–	–	(527)
At 31 December 2021	1,098	8,072	41,029	1,116	1,531	387	8,219	61,452

Consolidated Statement of Changes in Equity

For the year ended 31 December 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
Profit for the year	-	-	-	-	-	-	1,123	1,123
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture	-	-	-	-	-	(394)	-	(394)
Net decrease in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(2,439)	-	-	-	(2,439)
Reclassification upon redemption of debt instruments at fair value through other comprehensive income	-	-	-	(6)	-	-	-	(6)
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	-	-	-	1,402	-	-	-	1,402
Total comprehensive (expense) income for the year	-	-	-	(1,043)	-	(394)	1,123	(314)
At 31 December 2022	1,098	8,072	41,029	73	1,531	(7)	9,342	61,138

Note: At 31 December 2022 and 2021, other reserve of US$1,531,000 represented the excess of the fair value of a property interest transferred to a 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.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 US$'000	2021 US$'000
Operating activities		
Profit before tax	**1,123**	10,488
Adjustments for:		
Interest income	**(535)**	(588)
Interest expenses	**346**	447
Loss on disposal of an investment property	**183**	–
Decrease in fair value of an investment property	**–**	539
Depreciation of property, plant and equipment	**2,168**	1,371
Depreciation of right-of-use asset	**124**	125
Impairment loss recognised (reversed) on vessels	**797**	(13,430)
Reclassification upon redemption of debt instruments at fair value through other comprehensive income	**(6)**	–
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	**1,402**	5,360
Net decrease in fair value of financial assets at fair value through profit or loss	**–**	58
Share of result of a joint venture	**758**	(87)
Operating cash flows before movements in working capital	**6,360**	4,283
Decrease in trade receivables	**–**	94
Increase in other receivables and prepayments	**(416)**	(162)
Increase (decrease) in deposits received, other payables and accruals	**1,287**	(127)
Increase (decrease) in contract liabilities	**86**	(26)
Net cash from operations	**7,317**	4,062
Interest income received	**425**	638
Interest expenses paid	**(351)**	(450)
Net cash from operating activities	**7,391**	4,250

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022	2021
	US$'000	*US$'000*
Investing activities		
Purchase of property, plant and equipment	**(3,185)**	(6)
Deposit paid for acquisition of property, plant and equipment	**–**	(195)
Net proceeds from disposal of an investment property	**8,573**	–
Proceeds from redemption of debt instruments at fair value through other comprehensive income	**2,450**	–
Placement of bank deposits	**(32,162)**	–
Withdrawal of bank deposits	**18,544**	–
Net cash used in investing activities	**(5,780)**	(201)
Financing activities		
Subscription monies received from the Open Offer *(note 27)*	**–**	317
Transaction costs attributable to issue of shares *(note 27)*	**–**	(527)
Repayment of borrowings	**(6,908)**	(6,089)
Repayment of lease liabilities	**(142)**	(142)
Net cash used in financing activities	**(7,050)**	(6,441)
Net decrease in cash and cash equivalents	**(5,439)**	(2,392)
Cash and cash equivalents at the beginning of the year	**7,640**	10,032
Cash and cash equivalents at the end of the year	**2,201**	7,640

1. GENERAL INFORMATION

The Company (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 1501, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company is primarily listed on the Main Board of the Hong Kong Stock Exchange and secondarily listed on the Main Board of SGX-ST. The consolidated financial statements are presented in United States dollars, 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 and a joint venture are set out in notes 37 and 18 respectively.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the 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 IFRS Standards	Annual Improvements to IFRS Standards 2018 – 2020

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

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after a date to be determined.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and an investment property that are measured at fair values at the end of the relevant reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Leases ("**IFRS 16**"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets ("**IAS 36**").

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Where necessary, adjustments are made to financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. When parts of an item of property, plant and equipment have different useful lives, the cost of each part is depreciated separately.

Depreciation of vessels is charged so as to write off the cost of vessels over their remaining estimated useful lives from the date of initial delivery from the shipyard (second-hand vessels are depreciated from the date of their acquisition over their remaining estimated useful lives), after allowing for residual values estimated by the directors of the Company, using the straight-line method. The residual value of vessels is estimated at the product of its lightweight tonnage and estimated scrap rate.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date, usually ranging from 2.5 to 5 years. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining carrying amounts of the previous dry-docking are written off immediately.

Expenditure incurred after items of property, plant and equipment have been put into operations, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation. Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at its fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the property) is included in the profit or loss in the period in which the property is derecognised.

Impairment on property, plant and equipment and right-of-use asset

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use asset to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss recognised in prior years may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use asset are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on property, plant and equipment and right-of-use asset (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease components and are accounted for by applying other applicable standards.

Right-of-use asset

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position and consolidated statement of cash flows include:

- cash, which comprises of cash on hand and demand deposits; and

- cash equivalents, which comprise of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Interest income which is derived from the Group's ordinary course of business is presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**").

(i) *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired. For purchased or originated credit-impaired financial assets, the Group recognises interest revenue by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income ("**OCI**") without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Impairment of financial assets subject to impairment assessment

The Group performs impairment assessment under expected credit losses ("**ECL**") model on financial assets (including debt instruments at FVTOCI, other receivables, amount due from a joint venture, bank deposits and cash and cash equivalents), which are subject to impairment assessment. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment (continued)

(i) Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment (continued)

(iii) Credit-impaired financial assets (continued)

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets (continued)

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified. When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including borrowings and other payables) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment on vessels

The Group assesses regularly whether the vessels have any indications of impairment or indication of impairment reversals in accordance with its accounting policy. The Group determines the recoverable amount of the vessels based on the higher of value in use and fair value less costs of disposal, which is subject to estimates. The aggregate carrying amount of the Group's vessels at the end of the reporting period was US$40,167,000 (2021: US$42,000,000). By comparing the recoverable amount of the vessels with their respective carrying amounts, impairment loss on vessels amounted to US$797,000 was recognised (2021: impairment loss on vessels of US$13,430,000 was reversed) in profit or loss.

Allowance for credit losses on debt instruments at FVTOCI

The allowance for credit losses is sensitive to changes in estimates. As at 31 December 2022, all of the Group's debt instruments were/had been in default for payments and the Group estimates the expected credit loss by estimating the expected recovery with reference to certain data published by international rating agencies. Allowance for credit losses on debt instruments at FVTOCI of US$1,402,000 (2021: US$5,360,000) was recognised in profit or loss during the year ended 31 December 2022. The information about the ECL on the Group's debt instruments at FVTOCI is disclosed in note 34.

5. REVENUE

(i) 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:

2022

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

2021

	Marine transportation US$'000	Investment holding US$'000	Property holding and investment US$'000	Total US$'000
Type of services:				
Marine transportation	7,364	–	–	7,364
Revenue from contracts with customers	7,364	–	–	7,364
Leases	1,612	–	181	1,793
Interest income from debt instruments at FVTOCI	–	581	–	581
Total revenue	8,976	581	181	9,738

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers

The Group provides marine transportation services to customers. Such service income is recognised over time as a performance obligation when the customer simultaneously receives and consumes the benefit provided by the Group. Revenue is recognised for these marine transportation services based on the stage of completion of the contract using output method.

The Group requires the customers to pay 15 days in advance for the marine transportation services. If upfront payments are received for the services to be provided, such receipts are recognised as contract liabilities until the services have been performed for the customers.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The marine transportation services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Leases

	2022	2021
	US$'000	*US$'000*
Operating lease income – vessel with fixed payment	**1,630**	1,612
Operating lease income – investment property with fixed payment	**–**	181
	1,630	1,793

6. 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 ("**CODM**"), 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.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3.

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

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

6. SEGMENT INFORMATION (continued)

Segment results represent the profit/loss from each segment without allocation of corporate income, corporate expenses, impairment loss recognised/reversed on vessels, share of result of a joint venture and finance costs. Net allowance for credit losses on debt instruments at FVTOCI is included in the result of investment holding segment. The CODM has allocated vessels and investment in a joint venture to the measurement of segment assets while the impairment loss recognised (reversed) on vessels and share of result of the joint venture are not allocated in the measurement of segment results.

Segment revenue and results

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

	Marine transportation		Investment holding		Property holding and investment		Merchandise trading		Total	
	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
Segment revenue	**12,079**	8,976	**293**	581	**–**	181	**–**	–	**12,372**	9,738
Segment results	**5,436**	3,938	**(1,104)**	(4,843)	**(196)**	(313)	**(91)**	–	**4,045**	(1,218)
Unallocated:										
Corporate income									**289**	13
Corporate expenses									**(1,310)**	(1,377)
Impairment loss (recognised) reversed on vessels									**(797)**	13,430
Share of result of a joint venture									**(758)**	87
Finance costs									**(346)**	(447)
Profit before tax									**1,123**	10,488

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	Marine transportation		Investment holding		Property holding and investment		Merchandise trading		Total	
	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*
Segment assets	**44,067**	44,283	**1,897**	7,434	**4,693**	14,610	**–**	91	**50,657**	66,418
Unallocated corporate assets									**15,798**	6,033
Total assets									**66,455**	72,451
Segment liabilities	**5,158**	10,644	**–**	–	**19**	–	**–**	–	**5,177**	10,644
Unallocated corporate liabilities									**140**	355
Total liabilities									**5,317**	10,999

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, right-of-use asset, other receivables and prepayments, bank deposits and cash and cash equivalents; and

- all liabilities are allocated to operating segments other than certain other payables and accruals, borrowings and lease liabilities.

Geographical information

The Group's operations are principally located in Hong Kong and other Asian countries. The directors of the Company consider that the nature of the Group's marine transportation business precludes a meaningful allocation of the Group's revenue and non-current assets relating to such business to specific geographical segments as these revenue and non-current assets mainly derive from and include vessels which are utilised across different geographical markets.

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

6. SEGMENT INFORMATION (continued)

Geographical information (continued)

	Revenue from external customers/sources		Non-current assets	
	2022	2021	**2022**	2021
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong	**293**	762	**61**	8,957
The PRC (excluding Hong Kong)	**–**	–	**4,015**	5,167
	293	762	**4,076**	14,124

Note: Revenue excluded the revenue from marine transportation business. Non-current assets excluded debt instruments at FVTOCI, the carrying amounts of vessels and dry-docking and deposit paid for acquisition of property, plant and equipment.

Information about major customers

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

	2022	2021
	US$'000	*US$'000*
Customer A	**5,360**	N/A[Note]
Customer B	**3,040**	3,550
Customer C	**1,983**	2,871
Customer D	**1,630**	1,654

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER GAINS AND LOSSES, NET

	2022	2021
	US$'000	*US$'000*
Loss on disposal of an investment property	**(183)**	–
Decrease in fair value of an investment property	**–**	(539)
Reclassification upon redemption of debt instruments at FVTOCI	**6**	–
Net decrease in fair value of financial assets at FVTPL	**–**	(58)
Allowance for credit losses on other receivables	**(91)**	–
Net foreign exchange (loss) gain	**(4)**	3
	(272)	(594)

8. FINANCE COSTS

	2022 **US$'000**	2021 US$'000
Interest expenses from borrowings	**344**	441
Interest on lease liabilities	**2**	6
	346	447

9. PROFIT BEFORE TAX

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

	2022 **US$'000**	2021 US$'000
Auditor's remuneration		
– Audit service	**147**	147
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	**681**	760
– Contributions to retirement benefits scheme	**22**	18
Total employee benefits expenses	**703**	778
Marine crew expenses	**2,679**	1,892
Depreciation of property, plant and equipment	**2,168**	1,371
Depreciation of right-of-use asset	**124**	125
Interest income from banks	**(242)**	(7)

10. INCOME TAX EXPENSE

There was no assessable profit arising in Hong Kong for the years ended 31 December 2022 and 2021. In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

Income tax expense for the year is reconciled to profit before tax per the Group's consolidated statement of profit or loss and other comprehensive income as follows:

	2022	2021
	US$'000	*US$'000*
Profit before tax	**1,123**	10,488
Tax at the applicable income tax rate of 16.5% *(note)*	**(185)**	(1,731)
Tax effect of income not taxable for tax purpose	**2,065**	3,715
Tax effect of expenses not deductible for tax purpose	**(1,741)**	(1,884)
Tax effect of tax losses not recognised	**(152)**	(100)
Effect of utilisation of tax losses previously not recognised	**13**	–
Income tax expense for the year	**–**	–

Note: Hong Kong Profits Tax rate is used for the tax reconciliation as the Group is considered to be principally managed in Hong Kong.

At the end of the reporting period, the Group had unused tax losses of US$6,758,000 (2021: US$5,918,000). No deferred tax asset had been recognised in respect of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the seven (2021: eight) directors or chief executive are as follows:

2022

	Directors' fees *US$'000*	Basic salaries and allowance *US$'000*	Contributions to retirement benefits scheme *US$'000*	Total *US$'000*
Executive Directors/Chief Executive				
Mr. Sue Ka Lok *(Note a)*	–	167	7	174
Ms. Wang Yu	–	33	2	35
Mr. Yuen Chee Lap, Carl	–	122	2	124
	–	322	11	333
Non-executive Director				
Dr. Feng Xiaogang *(Note b)*	31	–	–	31
Independent Non-executive Directors				
Mr. Zhou Qijin	19	–	–	19
Mr. Pau Shiu Ming	19	–	–	19
Mr. Tsao Hoi Ho	19	–	–	19
	57	–	–	57
Total	88	322	11	421

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

2021

	Directors' fees	Basic salaries and allowance	Contributions to retirement benefits scheme	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Executive Directors/Chief Executive				
Mr. Sue Ka Lok *(Note a)*	–	13	–	13
Dr. Feng Xiaogang *(Note b)*	–	162	2	164
Ms. Wang Yu	–	33	2	35
Ms. Sin Pui Ying *(Note c)*	–	54	2	56
Mr. Yuen Chee Lap, Carl	–	117	2	119
	–	379	8	387
Non-executive Director				
Mr. Sue Ka Lok *(Note a)*	2	–	–	2
Independent Non-executive Directors				
Mr. Zhou Qijin	19	–	–	19
Mr. Pau Shiu Ming	19	–	–	19
Mr. Tsao Hoi Ho	19	–	–	19
	57	–	–	57
Total	59	379	8	446

Notes:

a. Mr. Sue Ka Lok resigned as Non-executive Director on 12 January 2021 and was re-appointed as Executive Director on 30 November 2021.

b. Dr. Feng Xiaogang was appointed as Executive Director on 12 January 2021, re-designated as Non-executive Director on 1 January 2022, and resigned on 31 December 2022.

c. Ms. Sin Pui Ying resigned on 30 November 2021.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive officer of the Company waived or agreed to waive any remuneration during the year.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two were director or chief executive officer (2021: four were directors or a former director or chief executive officer) of the Company whose emoluments are included in note 11 above. The emoluments of the remaining three (2021: one) individuals are as follows:

	2022	2021
	US$'000	*US$'000*
Salaries and allowance	**147**	47
Contributions to retirement benefits scheme	**6**	2
	153	49

The emoluments of the remaining three (2021: one) highest paid individuals (other than directors or a former director or chief executive officer) were within the band of nil to HK$1,000,000.

No emolument was paid by the Group to any of the directors and the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

13. EARNINGS PER SHARE

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

	2022	2021
	US$'000	*US$'000*
Earnings		
Profit for the year attributable to owners of the Company	**1,123**	10,488

	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year	**1,097,704**	1,092,753

The weighted average number of ordinary shares for the year ended 31 December 2021 for the purpose of calculating the basic earnings per share had been adjusted to account for the effect of the bonus element of the open offer of the Company (note 27) which became effective on 5 January 2021.

For the years ended 31 December 2022 and 2021, no diluted earnings per share is presented as there were no dilutive potential ordinary shares outstanding during both years.

14. DIVIDEND

During the year ended 31 December 2022, no dividend was paid, declared or proposed (2021: nil), nor has any dividend been proposed by the directors of the Company since the end of reporting period.

15. PROPERTY, PLANT AND EQUIPMENT

	Vessels	Dry-docking	Furniture, fixtures and equipment	Leasehold improvement	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
COST					
At 1 January 2021	64,098	1,890	39	203	66,230
Additions	–	–	2	4	6
Written off	–	–	(21)	(131)	(152)
At 31 December 2021	64,098	1,890	20	76	66,084
Additions	435	2,945	–	–	3,380
At 31 December 2022	**64,533**	**4,835**	**20**	**76**	**69,464**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2021	34,735	1,051	28	136	35,950
Depreciation	793	560	3	15	1,371
Written off	–	–	(21)	(131)	(152)
Impairment loss reversed in profit or loss	(13,430)	–	–	–	(13,430)
At 31 December 2021	22,098	1,611	10	20	23,739
Depreciation	1,471	681	2	14	2,168
Impairment loss recognised in profit or loss	797	–	–	–	797
At 31 December 2022	**24,366**	**2,292**	**12**	**34**	**26,704**
CARRYING VALUES					
At 31 December 2022	**40,167**	**2,543**	**8**	**42**	**42,760**
At 31 December 2021	42,000	279	10	56	42,345

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The estimated useful lives of the assets are summarised as follows:

Vessels	Shorter of 30 years or the estimated remaining useful life of the second-hand vessels
Dry-docking	2.5 to 5 years
Furniture, fixtures and equipment	5 years
Leasehold improvement	5 years

During the year, the BDI remained volatile compared with that of the prior year. Hence, the directors of the Company conducted a review of the recoverable amount of the Group's vessels whereby an impairment loss on a vessel is recognised when the carrying amount of a vessel exceeds its recoverable amount, which in turn is the higher of its value in use and its fair value less costs of disposal.

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

At 31 December 2022, the fair value less costs of disposal of two vessels of the Group were determined with reference to prevailing market conditions (including second-hand prices and freight rate of similar vessels) and amounted to US$30,225,000 (2021: US$31,971,000) in aggregate, such fair values are higher than their respective value in use. As the recoverable amounts of these vessels were lower than their individual carrying amount before impairment, an impairment loss on vessels of US$797,000 was recognised in profit or loss during the year (2021: an impairment loss on vessels of US$13,430,000 was reversed as the recoverable amounts of the vessels were higher than their individual carrying amount).

Details of the pledge of property, plant and equipment are set out in note 30.

16. RIGHT-OF-USE ASSET

	2022	2021
	US$'000	*US$'000*
At 31 December		
Carrying amount	**11**	135
For the year ended 31 December		
Depreciation	**124**	125
Total cash outflow for leases	**142**	142

Lease contract is entered into for fixed term of three years (2021: three years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

17. INVESTMENT PROPERTY

	US$'000
FAIR VALUE	
At 1 January 2021	9,295
Decrease in fair value recognised in profit or loss	(539)
At 31 December 2021	8,756
Disposal	(8,756)
At 31 December 2022	**–**

17. INVESTMENT PROPERTY (continued)

The Group's property interest held to earn rental income or for capital appreciation purposes represented an office unit in Hong Kong and was measured using the fair value model and classified and accounted for as 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 year ended 31 December 2022.

At 31 December 2021, the fair value of the Group's investment property at the reporting date had been determined by taking into account the agreed consideration set out in the conditional provisional sale and purchase agreement. The investment property was at Level 2 fair value hierarchy and there were no transfers into or out of Level 2 fair value hierarchy during the year ended 31 December 2021.

No rental income was generated during the current year (2021: rental income of US$181,000 was generated under operating lease) from the Group's investment property. No material direct operating expenses were incurred for the investment property for the year ended 31 December 2021.

18. INTEREST IN A JOINT VENTURE

	2022	2021
	US$'000	*US$'000*
Cost of investment in a joint venture	**5,330**	5,330
Share of post-acquisition losses and other comprehensive expenses	**(1,315)**	(163)
	4,015	5,167

18. INTEREST IN A JOINT VENTURE (continued)

Name of entity	Place of establishment/ operation	Proportion of ownership interest and voting rights held by the Group		Principal activity
		2022	2021	
		%	%	
Shanghai Yueyong Investment Management Company Limited (literally translated from its Chinese name 上海悅勇投資管理有限公司)	The PRC	**41.7**	41.7	Property investment

The summarised financial information of the Group's interest in a joint venture prepared in accordance with accounting policies of the Group is set out below:

	2022	2021
	US$'000	*US$'000*
Current assets, representing cash and cash equivalents	**1**	1
Non-current assets	**10,711**	13,563
Current liabilities, representing financial liabilities	**1,083**	1,172

The above amounts of assets and liabilities include the following:

	2022	2021
	US$'000	*US$'000*
(Loss) profit for the year	**(1,817)**	210
Other comprehensive (expense) income for the year	**(946)**	326

18. INTEREST IN A JOINT VENTURE (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2022	2021
	US$'000	*US$'000*
Net assets of the joint venture	**9,629**	12,392
Proportion of the Group's ownership interest in the joint venture, same as carrying amount of the Group's interest in the joint venture	**4,015**	5,167

19. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	US$'000	*US$'000*
Listed debt securities	**1,656**	6,545
Analysed for reporting purpose as:		
Current assets	**264**	3,814
Non-current assets	**1,392**	2,731
	1,656	6,545

These debt instruments are listed on either the Hong Kong Stock Exchange or SGX-ST. At 31 December 2022, these debt instruments carried coupon from 5.25% to 11.95% (2021: 4.7% to 11.95%) per annum and would mature in 2023 to 2025 (2021: 2022 to 2025).

For the year ended 31 December 2022, the net allowance for credit losses on debt instruments at FVTOCI of US$1,402,000 (2021: US$5,360,000) was recognised in profit or loss with a corresponding adjustment to other comprehensive income.

Further details of the modification of debt instruments at FVTOCI and impairment assessment are set out in note 34.

20. OTHER RECEIVABLES AND PREPAYMENTS

	2022 US$'000	2021 US$'000
Other receivables	**472**	613
Reimbursement asset from an insurance company *(note 23)*	**821**	–
Account balance with brokers	**10**	110
Prepayments and other deposits for operating expenses	**222**	276
	1,525	999

Details of impairment assessment on other receivables are set out in note 34.

21. AMOUNT DUE FROM A JOINT VENTURE

The amount is unsecured, interest-free and repayable on demand. Details of impairment assessment on the amount due are set out in note 34.

22. BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Bank deposits represented time deposits denominated in Hong Kong dollars or United States dollars which were placed with banks in Hong Kong for investment purposes, carried fixed interest from 4.19% to 5.94% (2021: nil) per annum.

Cash and cash equivalents include cash on hand, demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitments, which carried interest at prevailing market rates.

At 31 December 2022 and 2021, the Group performed impairment assessment on bank deposits and cash and cash equivalents and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit loss is provided.

23. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	2022	2021
	US$'000	*US$'000*
Accrued expenses and other payables for operations	**770**	311
Deposits received from lessee of vessel	**735**	735
Provision *(note)*	**821**	–
	2,326	1,046
Presented as:		
Non-current	**735**	735
Current	**1,591**	311
	2,326	1,046

Note: During the year, one of the Group's vessels was involved in a collision with another vessel owned by an independent third party that occurred in the seas of Singapore (the "**Collision Event**"). The owner of the other vessel has filed a claim against the loss caused by the negligence of the Group. The directors of the Company have made the best estimate of the claim to be approximately US$821,000 after consultation with the lawyers. The claim can be fully covered by an insurance policy took out by the Group and thus a corresponding amount is recognised as a reimbursement asset (note 20). The directors of the Company expect that the Collision Event is to be settled within twelve months after the end of the reporting period.

24. CONTRACT LIABILITIES

	2022	2021
	US$'000	*US$'000*
Marine transportation income to be recognised in next year	**101**	15

As at 1 January 2021, contract liabilities amounted to US$41,000.

The contract liability balance at the beginning of the year of US$15,000 (2021: US$41,000) was recognised as revenue during the year ended 31 December 2022.

25. BORROWINGS

	2022 US$'000	2021 US$'000
Secured loans	**2,878**	9,786
The carrying amounts of the loans are repayable*:		
Within a period not exceeding one year	**2,122**	4,908
Within a period of more than one year but not exceeding two years	**756**	2,122
Within a period of more than two years but not exceeding five years	**–**	2,756
Total	**2,878**	9,786
Less: Amounts due within one year shown under current liabilities	**(2,122)**	(4,908)
Amounts shown under non-current liabilities	**756**	4,878
Effective interest rate (%) per annum	**2.95 – 7.17**	1.21 – 4.13

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

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

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

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

(i) corporate guarantee from the Company;

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

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

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.

26. LEASE LIABILITIES

	2022 US$'000	2021 US$'000
Lease liabilities are payable:		
Within a period not exceeding one year	**12**	140
Within a period of more than one year but not exceeding two years	**–**	12
Total	**12**	152
Less: Amounts due for settlement within one year shown under current liabilities	**(12)**	(140)
Amounts due for settlement after one year shown under non-current liabilities	**–**	12

27. SHARE CAPITAL

	Number of shares '000	Amount US$'000
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022 (US$0.001 per share)	**180,000,000**	**180,000**
Issued and fully paid:		
At 1 January 2021 (US$0.001 per share)	548,852	549
Issue of shares under the Open Offer	548,852	549
At 31 December 2021 and 31 December 2022 (US$0.001 per share)	**1,097,704**	**1,098**

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

During the year ended 31 December 2020, the Company proposed an open offer of 548,851,784 offer shares at the subscription price of HK$0.13 per offer share on the basis of one offer share for every one share held on the record date (the **"Open Offer"**). The Open Offer was completed in January 2021 and the Company raised proceeds of US$9,148,000 before expenses, 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.

28. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

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. Participants of the Share Option Scheme comprising (a) directors (including executive directors, non-executive directors and independent non-executive directors); (b) employees of the Group; and (c) any advisors, consultants, business partners, agents, customers, suppliers, service providers, contractors of any member of the Group or any company or other entity in which the Group or any member of it has a shareholding interest, who, in the sole discretion of the Board, has contributed or may contribute to the Group or any member of it. The offer of a grant of options may be accepted for a period of 30 days from the date of grant, provided that no such offer shall be open for acceptance after the expiry of the period of ten years commencing on the adoption date of the Share Option Scheme or after the Share Option Scheme has been terminated. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00.

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but in any case the subscription price shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Company's share (if any) on the date of grant.

The total number of the Company's shares issued and to be issued upon exercise of the options granted to each participant, together with all options granted and to be granted to him/her/it under any other share option scheme(s) of the Company within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the Company's shares in issue as at the proposed date of grant. Any further grant of options to a participant in excess of the 1% limit shall be subject to the shareholders' approval of the Company with such participant and his/her/its associates abstaining from voting.

The limit on the total number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of the Company's shares in issue from time to time. In addition, the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the Company's shares in issue as at the date of adoption of the Share Option Scheme (the "**Scheme Mandate Limit**") or as at the date of approval of the refreshed Scheme Mandate Limit, as the case may be.

28. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company (continued)

At the special general meeting of the Company held on 20 October 2021, the shareholders of the Company approved the refreshment of 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 has 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 annual report.

29. OPERATING LEASES

The Group as lessor

At the end of the reporting period, the Group had contracted with a charterer for the following future undiscounted lease payments:

	2022 ***US$'000***	2021 *US$'000*
Within one year	**1,671**	1,672
One to two years	**417**	2,084
	2,088	3,756

30. PLEDGE OF ASSETS

At 31 December 2022, two vessels (2021: three vessels) with an aggregate carrying amount of US$27,404,000 (2021: US$42,279,000) (including dry-docking) were pledged to a financial institution (2021: a bank and a financial institution) as security for the loan facilities granted to the Group.

31. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Both the Group and employees contribute a fixed percentage to the MPF Scheme based on their monthly salary in accordance with government regulations. 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.

32. RELATED PARTY DISCLOSURES

During the years ended 31 December 2022 and 2021, the remuneration of the Group's key management personnel comprising directors and chief executive officer is disclosed in note 11.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders of the Company through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as disclosed in note 25, offset by cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through payment of dividend, issuance of new shares as well as raising of new debts or repayment of existing debts. The Group also ensures that it maintains net worth and capital-assets ratio within a set range to comply with the loan covenants imposed in the loan agreements.

The Group's overall strategy remains unchanged from the prior year.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2022	2021
	US$'000	*US$'000*
Financial assets		
Debt instruments at FVTOCI	**1,656**	6,545
Financial assets at amortised cost	**16,970**	9,027
Financial liabilities		
Amortised cost	**4,128**	10,523

(b) Financial risk management objectives and policies

The Group's financial instruments include debt instruments at FVTOCI, other receivables, amount due from a joint venture, bank deposits, cash and cash equivalents, deposits received, other payables and borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with the Group's financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Currency risk

Most of the Group's assets and liabilities are denominated and settled in Hong Kong dollars or United Stated dollars. As Hong Kong dollars is pegged to United Stated dollars, the management thus considers the Group's foreign currency exposure is not significant. The Group has certain cash and cash equivalents denominated in Renminbi which are considered as insignificant, as such, foreign currency sensitivity analysis is not presented. The Group will consider entering into foreign exchange forward contracts to hedge against its foreign currency exposure if the risk is considered to be significant.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to bank deposits (see note 22) and lease liabilities (see note 26). The Group is also exposed to cash flow interest rate risk primarily relating to cash and cash equivalents and borrowings at the end of the reporting period which carry variable interest rates, as disclosed in notes 22 and 25 respectively. The Group has not entered into any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest rate risk. However, the management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section below. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of LIBOR arising from the Group's variable-rate borrowings.

The directors of the Company consider that the changes in interest rates of cash and cash equivalents s have no significant impact on the Group and the sensitivity analysis of interest rate risk of such balances is not presented.

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate borrowings at 31 December 2022 and 2021. The analysis is prepared assuming the variable-rate borrowings outstanding at the end of the reporting period were outstanding for the whole reporting year. A 300 basis points (2021: 100 basis points) increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 300 basis points (2021: 100 basis points) higher/lower and all other variables were held, the Group's profit for the year ended 31 December 2022 would decrease/increase by US$86,000 (2021: US$98,000).

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of LIBOR with alternative nearly risk-free rates. As at 31 December 2022, all LIBOR settings have been either ceased to be provided by any administrator or no longer be representative, except for US dollar settings (other than the 1-week and 2-month settings) which will be ceased immediately after 30 June 2023.

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Interest rate risk (continued)

Risks arising from the interest rate benchmark reform arising from the transition

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into. There are fundamental differences between Interbank Offered Rates (the "**IBORs**") and the various alternative benchmark rates. IBORs are forward-looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments

Progress towards implementation of alternative benchmark interest rates

The borrowings with carrying amount of US$2,878,000 (2021: US$7,000,000) are linked to LIBOR and have not been transitioned to alternative interest rate, but the relevant loan agreements include fallback clauses to change the basis for determining the interest cash flows which is to be separately agreed by the Group and the lenders. The management closely monitors the interest environment and will start the negotiation with the lenders in appropriate timing in the forthcoming year.

Credit risk and impairment assessment

Bank deposits and cash and cash equivalents

The credit risks on bank deposits and cash and cash equivalents are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Amount due from a joint venture

The Group regularly monitors the business performance of the joint venture. The Group's credit risks in this balance is mitigated through the value of the assets held by the joint venture and the power to jointly control the relevant activities of the joint venture. The management believes that there is no significant increase in credit risk of this balance since initial recognition and the Group performed impairment assessment based on 12m ECL. For the years ended 31 December 2022 and 2021, the Group considered the ECL for the amount due from the joint venture is insignificant and thus no loss allowance is recognised.

Other receivables

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, quantitative and qualitative information that is reasonable and supportive, and forward-looking information that is available without undue cost or effort. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group performed impairment assessment based on 12m ECL. For the years ended 31 December 2022 and 2021, the Group considered the ECL for the other receivables is insignificant and thus no loss allowance is recognised.

Debt instruments at FVTOCI

All of the Group's debt instruments at FVTOCI are corporate bond investments listed on either the Hong Kong Stock Exchange or SGX-ST which were acquired in previous years. At 31 December 2022, all the issuers of these bond investments are property developer companies based in the PRC. Since these bond investments are listed and external credit ratings are available, the Group maximises the use of these ratings in the determination of ECL on these bond investments.

On the basis of the prevailing market conditions in the PRC facing by these property developers, and that their debt instruments, as at 31 December 2022, were/had been in default for interest payments and/or principal repayments, the debt instruments are therefore regarded as credit-impaired or purchased or originated credit-impaired. Out of these debt instruments, issuers of two of the debt instruments with total principal amount of US$1,330,000 have completed the negotiation of settlement schemes with their creditors. The settlement schemes include terms for (i) settlement of partial outstanding amounts; (ii) extension of maturity with implementation of instalment settlement patterns; (iii) undertaking provided by the issuers to apply the proceeds from sale or financing of their assets (including but not limited to properties projects held by those issuers or joint ventures of those issuers) for the settlement of the outstanding amounts; and (iv) keepwell undertaking provided by the single largest shareholder of one of the issuers to demonstrate its intention to assist the issuer concerned to meet its repayment obligations. The Group has participated in these schemes in order to reduce its credit loss exposure.

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Debt instruments at FVTOCI (continued)

Except for the debt instruments with total principal amount of US$1,330,000 mentioned above of which the issuers have undertaken to apply the proceeds from sale or financing of their assets for the settlement of the outstanding amounts, all other debt instruments are unsecured. The Group estimates the loss given default of these debt instruments with reference to the relevant default study publication issued by reputable international rating agencies. The impact of the above settlement schemes are also reflected in the measurement of loss given default. The applicable loss given default adopted in determining the ECL for the current year ranged from 65% to 93% (2021: 44% to 90%). The Group has also applied a higher adjustment factor for forward-looking information applicable to the bonds issued by these PRC property developer companies to reflect the higher loss rate owing to the financial uncertainties of these bond issuers. The calculation of ECL on these debt instruments also reflects the time value of money. The Group will closely follow the conditions of the property market in the PRC and the price movements of these debt instruments, and will formulate appropriate exit strategy accordingly subject to market conditions prevailing from time to time. During the year, principal of certain debt instruments totalling US$2,450,000 were redeemed.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past due amounts	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	12m ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or externally	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets:

	Notes	External credit rating	Internal credit rating	12m ECL or Lifetime ECL	Gross carrying amounts 2022 US$'000	Gross carrying amounts 2021 US$'000
Debt instruments at FVTOCI						
Investments in listed bonds (note i)	19	B1 – Ba2	N/A	12m ECL	**–**	2,435
		Ca-C	N/A	Lifetime ECL (not credit-impaired)	**–**	3,859
		Default	N/A	Lifetime ECL (credit-impaired)	**8,475**	4,600
					8,475	10,894
Financial assets at amortised cost						
Amount due from a joint venture	21	N/A	*(note ii)*	12m ECL	**669**	669
Bank deposits	22	Aa2 – A2	N/A	12m ECL	**13,618**	–
Cash equivalents	22	Aa2 – A2	N/A	12m ECL	**2,200**	7,635
Other receivables	20	N/A	*(note ii)*	12m ECL	**337**	629

Notes:

i. For the purpose of ECL assessment, the Group considers the aggregate of the gross principal amounts and the related contractual interests of the debt instruments.

ii. For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table shows reconciliation of allowance for credit losses that has been recognised for debt instruments at FVTOCI, which are all originated at the beginning of the respective periods:

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Purchased or originated credit-impaired	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2021	–	–	–	–	–
Credit losses recognised	26	1,380	3,954	–	5,360
At 31 December 2021	26	1,380	3,954	–	5,360
Transfer from lifetime ECL (not credit-impaired) to lifetime ECL (credit-impaired)	–	(1,380)	1,380	–	–
Transfer from lifetime ECL (credit-impaired) to purchased or originated credit-impaired	–	–	(764)	764	–
Remeasurement of credit losses, net	–	–	1,495	(67)	1,428
Credit losses reversed due to redemption	(26)	–	–	–	(26)
At 31 December 2022	**–**	**–**	**6,065**	**697**	**6,762**

During the year, the changes in allowance for credit losses is explained by the remeasurement of credit losses made to the debt instruments with aggregate gross principal amount of US$8,330,000 and the redemption of the debt instruments with aggregate gross principal amount of US$2,450,000.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management also monitors the utilisation of borrowings and ensures compliance with loan covenants. The management therefore considers that the Group's liquidity risk has been reduced.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities, based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are based on floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate %	On demand or 6 months or less US$'000	6 to 12 months US$'000	1 to 2 years US$'000	2 to 5 years US$'000	Total undiscounted cash flows US$'000	Carrying amounts US$'000
At 31 December 2022							
Other payables	**–**	**1,250**	**–**	**–**	**–**	**1,250**	**1,250**
Borrowings	**8.65**	**1,175**	**1,129**	**775**	**–**	**3,079**	**2,878**
Lease liabilities	**2.86**	**12**	**–**	**–**	**–**	**12**	**12**
		2,437	**1,129**	**775**	**–**	**4,341**	**4,140**
At 31 December 2021							
Other payables	–	737	–	–	–	737	737
Borrowings	3.75	4,005	1,178	2,290	2,796	10,269	9,786
Lease liabilities	2.86	73	72	12	–	157	152
		4,815	1,250	2,302	2,796	11,163	10,675

The amounts included above for variable interest rate instruments of non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of listed debt securities classified as debt instruments at FVTOCI are categorised as Level 1 fair value measurement and determined with reference to quoted prices in active markets; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost at the end of each reporting period approximate their fair values.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities *US$'000*	Borrowings *US$'000*
At 1 January 2021	288	15,875
Interest expenses	6	–
Repayment	(142)	(6,089)
At 31 December 2021	152	9,786
Interest expenses	2	–
Repayment	(142)	(6,908)
At 31 December 2022	**12**	**2,878**

36. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

	2022 *US$'000*	2021 *US$'000*
Non-current assets		
Interests in subsidiaries	–	–
Amounts due from subsidiaries	56,327	69,496
	56,327	69,496
Current assets		
Other receivables and prepayments	104	25
Bank deposits	9,387	–
Cash and cash equivalents	1,362	5,809
	10,853	5,834
Total assets	67,180	75,330
Current liabilities		
Amounts due to subsidiaries	32,939	31,984
Other payables and accruals	76	166
	33,015	32,150
Net current liabilities	(22,162)	(26,316)
Total assets less current liabilities	34,165	43,180
Capital and reserves		
Share capital *(note 27)*	1,098	1,098
Reserves *(note)*	33,067	42,082
	34,165	43,180
Total liabilities and equity	67,180	75,330

36. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (continued)

Note:

	Share premium US$'000	Contributed surplus US$'000	Other reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2021	–	41,029	8,831	(4,219)	45,641
Loss and total comprehensive expense for the year	–	–	–	(2,800)	(2,800)
Issue of shares under the Open Offer *(note 27)*	8,599	–	(8,831)	–	(232)
Transaction costs attributable to issue of shares *(note 27)*	(527)	–	–	–	(527)
At 31 December 2021	8,072	41,029	–	(7,019)	42,082
Loss and total comprehensive expense for the year	–	–	–	(9,015)	(9,015)
At 31 December 2022	**8,072**	**41,029**	**–**	**(16,034)**	**33,067**

37. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries	Place of incorporation/ establishment	Class of shares held	Issued capital	Proportion of nominal value of issued capital held by the Company 2022 %	2021 %	Principal activities
Direct:						
Courage Marine Holdings (BVI) Limited	The British Virgin Islands ("**BVI**")	Ordinary	US$10,000	**100**	100	Investment holding
Peak Prospect Global Limited	BVI	Ordinary	US$1	**100**	100	Investment holding
Indirect:						
CMG Management Limited	Hong Kong	Ordinary	HK$1	**100**	100	Merchandise trading, investment holding and provision of management services
Courage Marine Group Limited	Hong Kong	Ordinary	HK$1	**100**	100	Provision of marine transportation services

37. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at the end of the reporting period are set out below: (continued)

Name of subsidiaries	Place of incorporation/ establishment	Class of shares held	Issued capital	Proportion of nominal value of issued capital held by the Company		Principal activities
				2022 %	2021 %	
Indirect: (continued)						
Courage Marine Property Investment Limited	Hong Kong	Ordinary	HK$10,000	**100**	100	Property holding and investment
Heroic Marine Corp.	Republic of Panama	Ordinary	US$200	**100**	100	Provision of marine transportation services
Polyworld Marine Corp.	Republic of Panama	Ordinary	US$10,000	**100**	100	Provision of marine transportation services
Zorina Navigation Corp.	Republic of Panama	Ordinary	US$10,000	**100**	100	Provision of marine transportation services

The directors are of the opinion that a complete list of subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affects the results or assets of the Group.

None of the subsidiaries had issued any debt securities as at the end of the year.

38. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, in connection with the claim made by the owner of the other vessel referred to in note 23, the Group has paid a security deposit of US$1,006,000 to the Supreme Court of Singapore pending settlement of the Collision Event. The security deposit is to be refunded upon the closure of the Collision Event. The directors of the Company considered that the Collision Event has no significant impact to the Group's operations and the Group's vessel involved, which sustained minor damages in the event, is in normal operation.

Five-Year Financial Summary

	Year ended 31 December				
	2022	2021	2020	2019	2018
	US$'000	US$'000	*US$'000*	*US$'000*	*US$'000*
RESULTS					
Revenue	**12,372**	9,738	7,920	14,708	12,191
Profit (loss) before tax	**1,123**	10,488	(3,471)	180	1,252
Income tax credit (expense)	**–**	–	1	–	(1)
Profit (loss) for the year	**1,123**	10,488	(3,470)	180	1,251

	At 31 December				
	2022	2021	2020	2019	2018
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
ASSETS AND LIABILITIES					
Total assets	**66,455**	72,451	66,926	64,770	59,118
Total liabilities	**(5,317)**	(10,999)	(17,386)	(20,928)	(16,034)
Equity attributable to owners of the Company	**61,138**	61,452	49,540	43,842	43,084