



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)

2023

INTERIM REPORT





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Abbreviations

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

“BDI”	Baltic Dry Index
“Board”	Board of Directors of the Company
“Company”	Courage Investment Group Limited
“Director(s)”	director(s) of the Company
“dwt”	dead weight tonnage
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$” and “US cent(s)”	United States dollars and cent(s), the lawful currency of the United States of America
“%”	per cent.

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

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sue Ka Lok (*Chairman*)
Ms. Lee Chun Yeung, Catherine
(*Chief Executive Officer*)
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 OPERATING 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

Management Discussion and Outlook

BUSINESS REVIEW

During the six months ended 30 June 2023 (“HY2023”), the Group continued to principally engage in the business of marine transportation, investment holding, property holding and investment, and merchandise trading.

The marine transportation market was relatively sluggish during HY2023 primarily due to the slowdown of China’s economy, the strong headwinds arising from high inflation and interest rate hikes in several major economies including the US, and the ongoing Russia-Ukraine war. In line with market conditions, for HY2023, the Group reported a decrease in revenue by 46% to US\$3,989,000 (30 June 2022: US\$7,405,000), mainly due to the decrease in revenue of the marine transportation business, and recorded a loss attributable to owners of the Company of US\$983,000 (30 June 2022: profit of US\$1,575,000). Basic loss per share was US0.09 cent (30 June 2022: basic earnings per share of US0.14 cent).

Marine transportation

For HY2023, the revenue of the Group’s marine transportation business decreased by 46% to US\$3,953,000 (30 June 2022: US\$7,265,000), and with its profit decreased by 80% to US\$796,000 (30 June 2022: US\$4,029,000). The decreases in revenue and profit of the operation were mainly due to the sluggish market conditions of the marine transportation industry, which in turn due to the slowdown of China’s economy, the strong headwinds arising from high inflation and interest rate hikes in several major economies including the US, and the ongoing Russia-Ukraine war.

During HY2023, the freight rates charged by the Group’s vessels were in general lower than the same in prior period, this is in line with the movement of the BDI, which is closely correlated to the market freight rate. During the interim period, the BDI remained volatile by hitting its low of about 500 points in February 2023, rebounded to about 1,600 points in May 2023, hovering between the 500 to 1,500 points level for much of the period, and was considerably lower than the 2,000 to 3,000 points level in the first half of 2022. Although the market freight rates fluctuated considerably during the review period, as global trading activities are returning to their normality following the containment of the pandemic, the Group remains prudently optimistic about the prospects of the marine transportation business in the medium to long term.

The carrying capacity of the Group’s dry bulk fleet, which currently comprises three Supramax size vessels, is approximately 171,000 dwt. The Group has been considering to acquire a second-hand Supramax or Panamax size vessel but the price of these vessel types have increased significantly since 2021. However, there are signs 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 will inform shareholders of any update of the vessel acquisition as and when appropriate.

At 30 June 2023, 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), a net reversal of impairment loss on vessels amounted to US\$109,000 (30 June 2022: nil) was recognised for HY2023.

Management Discussion and Outlook

Investment holding

The Group's investment holding business contributed a revenue of US\$36,000 (30 June 2022: US\$140,000) and recorded a loss of US\$771,000 (30 June 2022: US\$1,463,000) for HY2023. 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\$704,000 (30 June 2022: US\$1,617,000). 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 the review period. 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\$704,000 (30 June 2022: US\$1,617,000), which mainly reflected the significant increase in credit risks of these bonds, was recognised during HY2023. The Group had engaged an independent qualified professional valuer to perform an impairment assessment on these debt instruments under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default and the loss given default (i.e., the magnitude of the loss if there is a default), and the assessment of the probability of default and loss given default is based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining the ECL on the Group's debt instruments for the period, the management had worked closely with the independent qualified professional valuer and taken into account factors including the 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 HY2023, the Group continued to invest in listed corporate bonds. The corporate bonds held by the Group at the period 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 period end, the Group's investments classified as debt instruments at FVTOCI comprised current and non-current portions of US\$245,000 (31 December 2022: US\$264,000) and US\$622,000 (31 December 2022: US\$1,392,000) respectively, totalling US\$867,000 (31 December 2022: US\$1,656,000) and representing a portfolio of corporate bonds. The Group had not made any new investments in corporate bonds during the review period.

For HY2023, a net decrease in fair value of the Group's debt instruments at FVTOCI of US\$789,000 (30 June 2022: US\$2,424,000) was recognised as other comprehensive expense primarily due to the decrease in their market values.

Management Discussion and Outlook

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 six months period ended 30 June 2022 of US\$198,000. For the six months ended 30 June 2022, the Group's property holding and investment business had no revenue as the investment property, being an office unit at Shun Tak Centre, Sheung Wan, Hong Kong, was vacant before it was disposed of. The Group is not holding any investment property at present and will look for acquisition opportunities of investment properties with good rental yield and/or high appreciation potential.

Merchandise trading

During HY2023, mainly owing to the effect of the aftermath of the COVID pandemic, the Group's merchandise trading business, which focusing on trading of electronic components, remained in temporary halt and no revenue (30 June 2022: nil) and profit (30 June 2022: nil) were booked. The Group intends to resume the business when market conditions improve.

Share of result of a joint venture

For HY2023, the loss of the joint venture shared by the Group amounted to US\$591,000 (30 June 2022: US\$1,000) 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 30 June 2023, the carrying value of the Group's investment in the joint venture was US\$3,260,000 (31 December 2022: US\$4,015,000) and the major asset held by it is the aforementioned industrial property.

OVERALL RESULTS

For HY2023, the Group recorded a loss attributable to owners of the Company of US\$983,000 (30 June 2022: profit of US\$1,575,000) and a total comprehensive expense attributable to owners of the Company of US\$1,232,000 (30 June 2022: total comprehensive income of US\$490,000). Such turnaround of the Group's results was mainly the combined effect of (i) the decrease in profit contribution from the Group's marine transportation operation to US\$796,000 (30 June 2022: US\$4,029,000); (ii) the decrease in net allowance for credit losses on debt instruments at FVTOCI to US\$704,000 (30 June 2022: US\$1,617,000); and (iii) the increase in share of loss of the joint venture by the Group to US\$591,000 (30 June 2022: US\$1,000).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During HY2023, the Group financed its operation mainly by cash generated from operations, credit facilities provided by a financial institution as well as shareholders' funds. At 30 June 2023, the Group had current assets of US\$17,893,000 (31 December 2022: US\$18,277,000) and liquid assets comprising bank deposits and cash and cash equivalents totalling US\$14,143,000 (31 December 2022: US\$15,819,000). The Group's current ratio, calculated based on current assets over current liabilities of US\$3,101,000 (31 December 2022: US\$3,826,000), was at a strong ratio of about 5.77 (31 December 2022: 4.78) at the period end.

Management Discussion and Outlook

At 30 June 2023, the equity attributable to owners of the Company amounted to US\$59,906,000 (31 December 2022: US\$61,138,000), decreased by US\$1,232,000 compared with the prior year end and was mainly a result of the loss incurred by the Group of US\$983,000 (30 June 2022: profit of US\$1,575,000).

At the period end, the Group's borrowings represented loans from a financial institution mainly applied for financing the holdings of vessels. The borrowings comprised a current portion of US\$1,817,000 (31 December 2022: US\$2,122,000) and nil non-current portion (31 December 2022: US\$756,000), totalling US\$1,817,000 (31 December 2022: US\$2,878,000). At 30 June 2023, 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 its maturity profile:

	At 30 June 2023 US\$'000	At 31 December 2022 US\$'000
Secured loans	1,817	2,878
The carrying amounts of the loans are repayable*:		
Within a period not exceeding one year	1,817	2,122
Within a period of more than one year but not exceeding two years	–	756
	1,817	2,878

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

For HY2023, the Group's finance costs of US\$115,000 (30 June 2022: US\$167,000) represented mainly interests for the borrowings, finance costs decreased by 31% was mainly a result of the decrease in the average amount of borrowings over the prior period.

The Group's gearing ratio, calculated on the basis of total borrowings of US\$1,817,000 (31 December 2022: US\$2,878,000) divided by total equity of US\$59,906,000 (31 December 2022: US\$61,138,000), was at a low ratio of about 3% (31 December 2022: 5%) at the period 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.

Management Discussion and Outlook

Use of proceeds from the Open Offer

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

The price range of the second-hand Supramax and Panamax vessels with varying specifications that are under consideration by the management has increased significantly since 2021 to around US\$12 million to US\$17 million currently, about 50% higher than the management's original budget of US\$7 million to US\$12 million back in 2021. There are signs that the second-hand dry bulk vessel market is softening when compared to its peak in around mid-2022 and some buying opportunities have emerged. The management is in the course of evaluating certain vessel buying opportunities and it is still the Group's intention to reutilise the remaining net proceeds of the Open Offer of US\$5,800,000 to acquire a second-hand dry bulk vessel. The management will continue to closely monitor the market conditions and will inform shareholders of any update of the vessel acquisition as and when appropriate.

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 HY2023, the Group had not experienced any significant exposure to exchange rate fluctuations, as such, the Group had not entered into any financial arrangements for hedging purposes. Appropriate measures will be undertaken by the Group should exchange rate fluctuations become significant.

Pledge of assets

At 30 June 2023, two vessels (31 December 2022: two vessels) with an aggregate carrying amount of US\$27,057,000 (31 December 2022: US\$27,404,000) (including dry-docking) were pledged to a financial institution as security for the loan facilities granted to the Group.

Contingent liabilities

At 30 June 2023, the Group had no significant contingent liability (31 December 2022: nil).

Capital commitments

At 30 June 2023, the Group had no significant capital commitment (31 December 2022: nil).

Management Discussion and Outlook

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2023, the Group had 16 (31 December 2022: 16) employees including directors of the Company. For HY2023, staff costs (including directors' emoluments) amounted to US\$347,000 (30 June 2022: US\$335,000). 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 HY2023, the Group continued to engage a crew agency to provide crew services (about 42 crew members) for two of the Group's vessels, crew expenses for the period amounted to US\$1,267,000 (30 June 2022: US\$1,349,000).

PROSPECTS

The marine transportation market was relatively sluggish during HY2023 primarily due to the slowdown of China's economy, the strong headwinds arising from high inflation and interest rate hikes in several major economies including the US, and the ongoing Russia-Ukraine war. Nevertheless, following 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.

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Revenue			
Marine transportation income		3,953	7,265
Interest income		36	140
Total revenue	3	3,989	7,405
Direct expenses		(3,147)	(3,240)
Other income		344	61
Other gains and losses, net	5	(147)	(173)
Administrative expenses		(721)	(693)
Impairment loss reversed on vessels, net	10	109	-
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	11	(704)	(1,617)
Share of result of a joint venture		(591)	(1)
Finance costs		(115)	(167)
(Loss) profit before tax	6	(983)	1,575
Income tax expense	7	-	-
(Loss) profit for the period attributable to owners of the Company		(983)	1,575
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture		(164)	(265)
Net decrease in fair value of debt instruments at fair value through other comprehensive income		(789)	(2,424)
Release on redemption of debt instruments at fair value through other comprehensive income		-	(13)
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	11	704	1,617
Other comprehensive expense for the period, net of income tax		(249)	(1,085)
Total comprehensive (expense) income for the period attributable to owners of the Company		(1,232)	490
Basic (loss) earnings per share attributable to owners of the Company (US cent)	8	(0.09)	0.14

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	<i>Notes</i>	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	41,873	42,760
Right-of-use asset		153	11
Interest in a joint venture		3,260	4,015
Debt instruments at fair value through other comprehensive income	11	622	1,392
		45,908	48,178
Current assets			
Trade receivables	12	265	–
Other receivables and prepayments	13	2,571	1,525
Amount due from a joint venture		669	669
Debt instruments at fair value through other comprehensive income	11	245	264
Bank deposits		12,836	13,618
Cash and cash equivalents		1,307	2,201
		17,893	18,277
Total assets		63,801	66,455

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Current liabilities			
Deposits received, other payables and accruals	14	1,061	1,591
Contract liabilities		126	101
Borrowings – due within one year	15	1,817	2,122
Lease liabilities		97	12
		3,101	3,826
Net current assets		14,792	14,451
Total assets less current liabilities		60,700	62,629
Capital and reserves			
Share capital	16	1,098	1,098
Reserves		58,808	60,040
Total equity		59,906	61,138
Non-current liabilities			
Borrowings – due more than one year	15	–	756
Deposit received	14	735	735
Lease liabilities		59	–
		794	1,491
Total liabilities and equity		63,801	66,455

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	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	Retained profits US\$'000	Total US\$'000
At 1 January 2022 (audited)	1,098	8,072	41,029	1,116	1,531	387	8,219	61,452
Profit for the period	-	-	-	-	-	-	1,575	1,575
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture	-	-	-	-	-	(265)	-	(265)
Net decrease in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(2,424)	-	-	-	(2,424)
Release on redemption of debt instruments at fair value through other comprehensive income	-	-	-	(13)	-	-	-	(13)
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	-	-	-	1,617	-	-	-	1,617
Total comprehensive (expense) income for the period	-	-	-	(820)	-	(265)	1,575	490
At 30 June 2022 (unaudited)	1,098	8,072	41,029	296	1,531	122	9,794	61,942
At 1 January 2023 (audited)	1,098	8,072	41,029	73	1,531	(7)	9,342	61,138
Loss for the period	-	-	-	-	-	-	(983)	(983)
Exchange difference arising on translation of financial statements of the foreign operation of a joint venture	-	-	-	-	-	(164)	-	(164)
Net decrease in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(789)	-	-	-	(789)
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	-	-	-	704	-	-	-	704
Total comprehensive expense for the period	-	-	-	(85)	-	(164)	(983)	(1,232)
At 30 June 2023 (unaudited)	1,098	8,072	41,029	(12)	1,531	(171)	8,359	59,906

Note: At 30 June 2023 and 2022, 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.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Operating activities		
(Loss) profit before tax	(983)	1,575
Adjustments for:		
Interest income	(347)	(166)
Interest expenses	115	167
Loss on disposal of an investment property	–	183
Depreciation of property, plant and equipment	1,019	1,148
Depreciation of right-of-use asset	51	62
Impairment loss reversed on vessels, net	(109)	–
Written-off of property, plant and equipment	41	–
Net gain on redemption of debt instruments at fair value through other comprehensive income	–	(13)
Allowance for credit losses on debt instruments at fair value through other comprehensive income, net	704	1,617
Allowance for credit losses on other receivables	104	–
Share of result of a joint venture	591	1
Operating cash flows before movements in working capital	1,186	4,574
Increase in trade receivables	(265)	(137)
(Increase) decrease in other receivables and prepayments	(1,281)	243
Decrease in deposits received, other payables and accruals	(526)	(123)
Increase in contract liabilities	25	401
Net cash (used in) from operations	(861)	4,958
Interest income received	478	187
Interest expenses paid	(115)	(167)
Net cash (used in) from operating activities	(498)	4,978

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 <i>US\$'000</i> (Unaudited)	2022 <i>US\$'000</i> (Unaudited)
Investing activities		
Purchase of property, plant and equipment	(64)	(1,361)
Deposit paid for acquisition of property, plant and equipment	–	(196)
Net proceeds from disposal of an investment property	–	8,573
Proceeds from redemption of debt instruments at fair value through other comprehensive income	–	2,400
Placement of bank deposits	(29,441)	–
Withdrawal of bank deposits	30,223	–
Net cash from investing activities	718	9,416
Financing activities		
Repayment of borrowings	(1,061)	(3,847)
Repayment of lease liabilities	(53)	(72)
Net cash used in financing activities	(1,114)	(3,919)
Net (decrease) increase in cash and cash equivalents	(894)	10,475
Cash and cash equivalents at the beginning of the period	2,201	7,640
Cash and cash equivalents at the end of the period	1,307	18,115

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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 condensed consolidated financial statements are presented in US\$, which is the functional currency of the Company, and all values are rounded to the nearest thousand (US\$'000) where appropriate or as indicated.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Hong Kong Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values.

Other than changes in accounting policies resulting from the application of the amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 31 December 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the condensed consolidated financial statements:

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. REVENUE

Disaggregation of revenue from contracts with customers

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

Six months ended 30 June 2023

	Marine transportation US\$'000 (Unaudited)	Investment holding US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Type of services:			
Marine transportation	3,145	–	3,145
Revenue from contracts with customers	3,145	–	3,145
Leases	808	–	808
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")	–	36	36
Total revenue	3,953	36	3,989

Six months ended 30 June 2022

	Marine transportation US\$'000 (Unaudited)	Investment holding US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Type of services:			
Marine transportation	6,457	–	6,457
Revenue from contracts with customers	6,457	–	6,457
Leases	808	–	808
Interest income from debt instruments at FVTOCI	–	140	140
Total revenue	7,265	140	7,405

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

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

Six months ended 30 June 2023

	Marine transportation US\$'000 (Unaudited)	Investment holding US\$'000 (Unaudited)	Property holding and investment US\$'000 (Unaudited)	Merchandise trading US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue	3,953	36	-	-	3,989
Segment results	796	(771)	(10)	-	15
Unallocated:					
Corporate income					336
Corporate expenses					(737)
Impairment loss reversed on vessels, net					109
Share of result of a joint venture					(591)
Finance costs					(115)
Loss before tax					(983)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION (continued)

Six months ended 30 June 2022

	Marine transportation US\$'000 (Unaudited)	Investment holding US\$'000 (Unaudited)	Property holding and investment US\$'000 (Unaudited)	Merchandise trading US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue	<u>7,265</u>	<u>140</u>	<u>-</u>	<u>-</u>	<u>7,405</u>
Segment results	<u>4,029</u>	<u>(1,463)</u>	<u>(198)</u>	<u>-</u>	<u>2,368</u>
Unallocated:					
Corporate income					45
Corporate expenses					(670)
Share of result of a joint venture					(1)
Finance costs					<u>(167)</u>
Profit before tax					<u>1,575</u>

Segment assets and liabilities

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

At 30 June 2023

	Marine transportation US\$'000 (Unaudited)	Investment holding US\$'000 (Unaudited)	Property holding and investment US\$'000 (Unaudited)	Merchandise trading US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment assets	<u>44,661</u>	<u>900</u>	<u>4,747</u>	<u>-</u>	<u>50,308</u>
Unallocated corporate assets					<u>13,493</u>
Total assets					<u>63,801</u>
Segment liabilities	<u>3,634</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>3,644</u>
Unallocated corporate liabilities					<u>251</u>
Total liabilities					<u>3,895</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION (continued)

At 31 December 2022

	Marine transportation	Investment holding	Property holding and investment	Merchandise trading	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	<u>44,067</u>	<u>1,897</u>	<u>4,693</u>	<u>-</u>	50,657
Unallocated corporate assets					<u>15,798</u>
Total assets					<u>66,455</u>
Segment liabilities	<u>5,158</u>	<u>-</u>	<u>19</u>	<u>-</u>	5,177
Unallocated corporate liabilities					<u>140</u>
Total liabilities					<u>5,317</u>

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.

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Allowance for credit losses on other receivables	(104)	-
Written-off of property, plant and equipment	(41)	-
Loss on disposal of an investment property	-	(183)
Net gain on redemption of debt instruments at FVTOCI	-	13
Net foreign exchange loss	(2)	(3)
	<u>(147)</u>	<u>(173)</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

6. (LOSS) PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	334	325
– Contributions to retirement benefits scheme	13	10
Total employee benefits expenses	347	335
Marine crew expenses	1,267	1,349
Depreciation of property, plant and equipment	1,019	1,148
Depreciation of right-of-use asset	51	62
Interest income from banks	(311)	(26)

7. INCOME TAX EXPENSE

There was no assessable profit arising in Hong Kong for the six months ended 30 June 2023 and 2022. In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

8. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company	(983)	1,575
	Six months ended 30 June	
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares in issue during the period	1,097,704	1,097,704

For the six months ended 30 June 2023 and 2022, no diluted earnings per share is presented as there were no dilutive potential ordinary shares outstanding during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

9. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 June 2023 (30 June 2022: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, addition of property, plant and equipment amounted to US\$64,000 (30 June 2022: US\$1,556,000).

During the interim period, 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 a reversal of impairment loss on one vessel and an impairment loss on another vessel, resulting in a net reversal of impairment loss was recognised. The recoverable amount of a vessel is the higher of its value in use and its fair value less costs of disposal, and a reversal of impairment loss or an impairment loss is recognised when the recoverable amount of a vessel exceeds or less than its carrying amount.

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 30 June 2023, the fair value less costs of disposal of the two vessels aforementioned were determined with reference to prevailing market conditions (including second-hand prices and freight rates of similar vessels) and amounted to US\$30,722,000 (31 December 2022: US\$30,225,000) in aggregate, and their individual fair value are higher than their respective value in use. As the aggregate recoverable amount of the two vessels exceeds the aggregate carrying amount of these vessels before impairment reversal, a net reversal of impairment loss of US\$109,000 (30 June 2022: nil) was recognised in profit or loss during the period.

Details of the pledge of property, plant and equipment are set out in note 17.

11. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Listed debt securities	<u>867</u>	<u>1,656</u>
Analysed for reporting purposes as:		
Current assets	245	264
Non-current assets	<u>622</u>	<u>1,392</u>
	<u>867</u>	<u>1,656</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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

These debt instruments are listed on either the Hong Kong Stock Exchange or SGX-ST. At 30 June 2023, debt instruments at FVTOCI were stated at fair values which were determined based on quoted market closing prices. These debt instruments carried coupon from 5.25% to 11.95% (31 December 2022: 5.25% to 11.95%) per annum and would mature in July 2023 to June 2025 (31 December 2022: February 2023 to June 2025).

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

For the six months ended 30 June 2023, a net allowance for credit losses on debt instruments at FVTOCI of US\$704,000 (30 June 2022: US\$1,617,000) was recognised in profit or loss with a corresponding adjustment to other comprehensive income.

12. TRADE RECEIVABLES

The credit periods for customers of time charter are from 0 day to 30 days (31 December 2022: from 0 day to 30 days). An aged analysis of the Group’s trade receivables from customers of marine transportation business based on invoice date at the end of the reporting period is as follows:

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Trade receivables		
– Aged within 30 days based on invoice date	265	–

At 30 June 2023, the Group’s trade receivables were neither past due nor impaired.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13. OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Other receivables	1,580	472
Reimbursement asset from an insurance company (note 14)	821	821
Account balances with brokers	10	10
Prepayments and other deposits for operating expenses	160	222
	2,571	1,525

14. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Accrued expenses and other payables for operations	240	770
Deposits received from lessee of vessel	735	735
Provision (note)	821	821
	1,796	2,326
Presented as:		
Current	1,061	1,591
Non-current	735	735
	1,796	2,326

Note: During the year ended 31 December 2022, one of the Group's vessels was involved in a collision with another vessel owned by an independent third party 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 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 13). The directors of the Company expect that the Collision Event is to be settled by the end of the year ending 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

15. BORROWINGS

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Secured loans	1,817	2,878
The carrying amounts of the loans are repayable*:		
Within a period not exceeding one year	1,817	2,122
Within a period of more than one year but not exceeding two years	–	756
Total	1,817	2,878
Less: Amounts due within one year shown under current liabilities	(1,817)	(2,122)
Amounts shown under non-current liabilities	–	756
Effective interest rate (%) per annum	8.65 – 9.04	2.95 – 7.17

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

The Group's borrowings were denominated in United States dollars (31 December 2022: United States dollars) which were also the functional currencies of the respective entities of the Group.

At 30 June 2023, the loans were carrying interest at London Interbank Offered Rate ("LIBOR") (31 December 2022: LIBOR) plus certain basis points. The outstanding loans at 30 June 2023 were repayable within one year (31 December 2022: within one to two years).

The borrowings at 30 June 2023 and 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

16. SHARE CAPITAL

	Number of shares '000	Amount US\$'000
Authorised:		
At 1 January 2022, 30 June 2022, 31 December 2022 and 30 June 2023 (US\$0.001 per share)	<u>180,000,000</u>	<u>180,000</u>
Issued and fully paid:		
At 1 January 2022, 30 June 2022, 31 December 2022 and 30 June 2023 (US\$0.001 per share)	<u>1,097,704</u>	<u>1,098</u>

At 30 June 2023, all issued ordinary shares have a par value of US\$0.001 each (31 December 2022: US\$0.001 each), carry one vote per share and carry the rights to dividends as and when declared by the Company.

17. PLEDGE OF ASSETS

At 30 June 2023, two vessels (31 December 2022: two vessels) with an aggregate carrying amount of US\$27,057,000 (31 December 2022: US\$27,404,000) (including dry-docking) were pledged to a financial institution as security for the loan facilities granted to the Group.

18. RELATED PARTY DISCLOSURES

Details of transactions between the Group and the related party are disclosed below:

- (a) For the six months ended 30 June 2023, the Group paid office lease expenses of US\$20,000 to a related company that was approximately 16.45% indirectly owned by Mr. Suen Cho Hung, Paul (a substantial shareholder of the Company). There was no such transaction during the six months ended 30 June 2022.
- (b) **Remuneration of key management personnel**
For the six months ended 30 June 2023, the remuneration of the Group's key management personnel comprising directors and chief executive officer of the Company is as follows:

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Short-term benefits	187	195
Post-employment benefits	6	4
	<u>193</u>	<u>199</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table presents how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3), based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)		
Debt instruments at FVTOCI				
Listed debt securities	867	1,656	Level 1	Quoted prices in active markets

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

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

20. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have been approved and authorised for issue by the Board on 25 August 2023.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (30 June 2022: nil).

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

As at 30 June 2023, 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.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") was adopted by the Company at the annual general meeting of the Company held on 28 June 2017. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption.

The purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

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

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

Further details of the Share Option Scheme were set out in the 2022 annual report of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE OPTION SCHEME" above, at no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2023, 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:

<u>Name of shareholder</u>	<u>Capacity and nature of interest</u>	<u>Number of shares held</u>	<u>Approximate percentage of the Company's issued shares</u>
Suen Cho Hung, Paul (" Mr. Suen ")	Interest of controlled corporation	315,990,132 (note)	28.79%
Brilliant Epic Asia Limited (" Brilliant Epic ")	Interest of controlled corporation	315,990,132 (note)	28.79%
Success United Development Limited (" Success United ")	Beneficial owner	315,990,132 (note)	28.79%

Note:

Success United was a wholly-owned subsidiary of Brilliant Epic which was, in turn, wholly owned by Mr. Suen. Mr. Suen was the sole director of Brilliant Epic and Success United. Accordingly, Brilliant Epic and Mr. Suen were deemed to be interested in 315,990,132 shares of the Company held by Success United under the SFO.

The interests of Mr. Suen, Brilliant Epic and Success United in 315,990,132 shares of the Company referred to in the note above related to the same parcel of shares.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2023 as required pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules throughout the six months ended 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the directors, all of them confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2023.

Other Information

UPDATE ON INFORMATION OF DIRECTORS OR CHIEF EXECUTIVES

The following is updated information of the Directors or chief executive required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules since the date of the Company's last published annual report up to 22 September 2023, being the latest practicable date before printing of this interim report:

Mr. Yuen Chee Lap, Carl, also the Financial Controller of the Company, has been re-designated as Chief Operating Officer from his previous role as Chief Executive Officer of the Company with effect from 18 August 2023.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 June 2023 have not been audited, but have been reviewed by the Audit Committee and have been duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Sue Ka Lok

Chairman

Hong Kong, 25 August 2023