INTERIM REPORT 2019

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

"BDI"	Baltic Dry Index
"Board"	Board of Directors of the Company
"Company"	Courage Investment Group Limited
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shareholders"	shareholders of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$" and "US cents"	United States dollars and cents, the lawful currency of the United States of America
"%"	per cent.

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

Non-executive Director
Mr. Sue Ka Lok *(Chairman)*

Executive Director
Ms. Wang Yu

Independent Non-executive Directors
Mr. Zhou Qijin
Mr. Pau Shiu Ming

AUDIT COMMITTEE
Mr. Zhou Qijin
Mr. Pau Shiu Ming

REMUNERATION COMMITTEE
Mr. Pau Shiu Ming *(Chairman)*
Mr. Zhou Qijin

NOMINATION COMMITTEE
Mr. Zhou Qijin *(Chairman)*
Mr. Pau Shiu Ming
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
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Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS
Suite 1510, 15th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS AND FINANCIER
Bank of Communications Co., Ltd.,
Hong Kong Branch
Hang Seng Bank Limited
Credit Suisse AG
SinoPac Capital International Limited

AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

SINGAPORE BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Unit Trust/Share Registration
Boardroom Corporate & Advisory Services
Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

WEBSITE
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The above information is updated to 17 September 2019, being the latest practicable date before printing of this interim report.

Management Discussion and Outlook

BUSINESS REVIEW

During the six months ended 30 June 2019, the Group continued to principally engage in the businesses of marine transportation, property holding and investment, investment holding and merchandise trading.

The Group has achieved encouraging results for the current period by posting a profit attributable to owners of the Company of US$269,000, in contrast to the loss of US$1,909,000 recorded in the prior period, and booked basic earnings per share of US0.05 cent (30 June 2018: loss of US0.42 cent). Moreover, the Group's revenue grew by 72% to US$7,460,000 (30 June 2018: US$4,341,000) that was largely attributed to the increase in revenue generated by the marine transportation business.

Marine transportation

During the first half of 2019, the Group's marine transportation business reported significant progress in operating results by recording a 351% growth in revenue to US$5,336,000 (30 June 2018: US$1,184,000) and a 354% increase in profit to US$913,000 (30 June 2018: US$201,000). The substantial increases in revenue and profit of the operation were the combined results of (i) the commencement of the charter-in and charter-out vessel ("CICOV") business since June 2018; (ii) the acquisition of a Supramax dry bulk carrier with carrying capacity of approximately 57,000 dead weight tonnage ("dwt") completed in February 2019 (the vessel is now named "MV Polyworld"); and (iii) the increase in charter rates of the Group's self-owned vessels, resulting mainly from the improved market conditions of vessel chartering business compared with the prior period.

As a measure to expand the scope and operations of the marine transportation business, the Group has commenced its CICOV business in June 2018. At the period end, the Group had one charter-in Panamax size vessel with carrying capacity of approximately 82,000 dwt. The principal purpose of commencing the CICOV business is to provide more options to customers in terms of mode of chartering i.e. voyage or time charter and duration of chartering period. The commencement of the CICOV business has expanded the revenue base of the Group's marine transportation business and its scale of operation.

In February 2019, the Group completed the acquisition of MV Polyworld and has increased the carrying capacity of its dry bulk fleet to approximately 253,000 dwt, of which approximately 68% is from its self-owned vessels and the remaining 32% from the charter-in vessel. The acquisition of MV Polyworld is in line with the Group's corporate development strategy of expanding the scale of its marine transportation business.

Against the backdrop of the trade disputes between the United States and China, the BDI was rather volatile during the current period by hitting its low of below 600 points in February 2019, reaching its peak of over 1,300 points in June 2019, and was hovering between 600 to 1,000 points level throughout a large part of the period. In fact, the heightened tensions in settlement negotiations between the two countries in recent months have increased the volatility of BDI, it is thus possible that the future results of the Group's marine transportation business may to a certain extent be adversely affected by the year-long United States-China trade disputes. Nevertheless, the Group is cautiously optimistic about the prospect of this business in the medium to long-term in light of the expected continuing growth of the world economy and international trade flow.

Management Discussion and Outlook

Property holding and investment

For the period under review, the property holding and investment business reported a profit of US$504,000 (30 June 2018: US$868,000) which mainly comprised the revaluation gain of an investment property held by the Group. The investment property is an office unit in Shun Tak Centre, Sheung Wan, Hong Kong, it was valued at US$11,013,000 at the period end (31 December 2018: US$10,490,000) and resulted in a revaluation gain of US$590,000 (30 June 2018: US$748,000) being recognised for the period. The business did not record any revenue during the current period (30 June 2018: US$124,000) as the property was temporarily vacant owing to early termination of tenancy. The new lease of the property will commence in September 2019 for a term of 2 years.

Investment holding

The Group's investment holding business generated a revenue of US$332,000 (30 June 2018: US$305,000) and recorded a profit of US$281,000 (30 June 2018: loss of US$2,125,000) for the first half of 2019. The revenue of the business comprised interest income from corporate bonds held by the Group.

During the current period, the Group continued to invest in listed equity securities and corporate bonds. The corporate bonds acquired by the Group were issued by property and aircraft leasing companies listed on the Hong Kong Stock Exchange with a yield to maturity upon acquisition of these bonds ranging from approximately 4.68% to 14.41% per annum. For listed equity securities, the Group's investment strategy is to target for stocks with good value appreciation potential whether in short, medium or long term and/or good dividend yield. For corporate bonds, the Group is to target for bonds with good interest yield and low default risk. For making investment decisions on securities or bonds of individual target company, references will usually be made to its announcements, news, latest financial information, dividend policy and business prospect.

At the period end, the Group's investments classified as "financial assets at fair value through profit or loss ("FVTPL")" of US$2,276,000 (31 December 2018: US$2,596,000) represented a portfolio of listed equity securities held for non-long term purpose, whereas the Group's investments classified as "debt instruments at fair value through other comprehensive income ("FVTOCI")", comprising current and non-current portion totalling US$9,380,000 (31 December 2018: US$8,829,000), represented a portfolio of corporate bonds held.

For the current period, the revenue of this business comprised interest income from corporate bonds, whereas the profit of this business represented mainly interest income from corporate bonds of US$332,000 (30 June 2018: US$305,000) and unrealised loss on listed equity securities held at period end of US$41,000 (30 June 2018: US$2,738,000). During the period, the Group disposed of part of its equity securities investments and recorded realised loss of US$5,000 (30 June 2018: realised gain of US$315,000).

For the period under review, a net increase in fair value of the Group's debt instruments at FVTOCI of US$543,000 (30 June 2018: net decrease of US$871,000) was recognised as other comprehensive income. There were no material fundamental changes in the financial parameters of these debt instruments, the net increase in fair value of these debts was primarily due to the expected interest rate cut in general during the first half of 2019 which drove up the market value of these debts.

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

Company name / principal activities	Approximate weighting to the market/ fair value of the Group's financial Invests at FVTPL portfolio %	Approximate weighting to total assets of the Group at 30 June 2019 %	% of shareholding interest %	Acquisition costs *US$'000* A	*Acquisition costs during the period /carrying amount at 1 January 2019 *US$'000* B	Market/fair value at 30 June 2019 *US$'000* C	Accumulated unrealised gain (loss) recognised up to 30 June 2019 *US$'000* D=C-A	Unrealised gain (loss) recognised during the period ended 30 June 2019 *US$'000* E=C-B	#Investee company's financial performance	#Future prospects of the investee company
Get Nice Holdings Limited (stock code: 64) Broking and securities margin financing, money lending, corporate finance and investments	89.6%	3.2%	0.62%	2,013	1,923	2,038	25	115	For the year ended 31 March 2019, revenue decreased by 4% to HK$561,905,000 and profit for the year attributable to owners of the investee company decreased by 34% to HK$195,080,000 as compared to the prior financial year.	The investee company will keep seeking quality and upscale investment properties in both Asia and Europe, and also investment in securities with good potential, to enhance its investment portfolio with a view to provide a source of steady rental income and investment gains in the future.
Larry Jewelry International Company Limited (stock code: 8351) Jewelry and pharmaceutical business	6.4%	0.2%	1.25%	1,400	227	145	(1,255)	(82)	For the six months ended 30 June 2019, revenue decreased by 23% to HK$147,138,000 and loss for the period attributable to owners of the investee company increased by 21% to HK$49,485,000 as compared to the same period in 2018.	For its jewelry business, the investee company will explore opportunities to broaden the geographic base of customers to markets outside Hong Kong and Singapore and increase its visibility across South East Asian countries. For the pharmaceutical business, the investee company shall review its sales network and customer focus and to introduce more locally made products to suit the needs of domestic market.
Others	4.0%	0.1%	N/A	492	167	93	(399)	(74)	N/A	N/A
	100%	3.5%		3,905	2,317	2,276	(1,629)	(41)		

* The amount represented the costs of the securities acquired during the six months ended 30 June 2019 and/or the carrying amount of the securities brought forward from the prior financial year after accounting for additional acquisition and/or disposal of the securities (if any) during the current financial period.

Extracted from published financial information or announcements of the investee companies.

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

Issuer	Principal activities of issuer	Approximate weighting to the market/fair value of the Group's debt instruments at FVTOCI portfolio	Approximate weighting to total assets of the Group at 30 June 2019	Yield to maturity upon acquisition	Acquistion costs	*Acquisition costs during the period/ carrying amount at 1 January 2019	Disposal during the period ended 30 June 2019	Market/fair value at 30 June 2019	Accumulated fair value gain (loss) recognised up to 30 June 2019	Fair value gain recognised during the period ended 30 June 2019
		%	%	%	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
					A	B	C	D	E=D-A	F=D-(B+C)
China Evergrande Group	Property related business	33.1%	4.8%	8.22 – 8.75	3,401	2,988	–	3,102	(299)	114
Pacific Century Premium Developments Limited	Property related business	17.0%	2.5%	4.68	1,608	1,931	(386)	1,599	(9)	54
Logan Property Holdings Company Limited	Property related business	20.3%	3.0%	5.48	1,978	1,721	–	1,906	(72)	185
China Aircraft Leasing Group Holdings Limited	Aircraft leasing	9.5%	1.4%	5.09	983	855	–	890	(93)	35
Fantasia Holdings Group Company Limited	Property related business	9.5%	1.4%	12.33 – 14.41	870	834	–	894	24	60
Other	N/A	10.6%	1.5%	5.37	1,026	894	–	989	(37)	95
		100.0%	14.6%		9,866	9,223	(386)	9,380	(486)	543

Merchandise trading

The Group continued with its merchandise trading business which focusing on trading of consumable goods relating to infant and personal care products as well as electronic components during the review period. The business generated revenue of US$1,792,000 (30 June 2018: US$2,728,000), decreased by 34%, and posted an operating profit of US$17,000 (30 June 2018: US$36,000), decreased by 53%. The declines in both revenue and profit of the business were to a certain extent due to the trade disputes between the United States and China which caused a slowdown of the electronics industry in general.

Share of result of a joint venture

During the first half of 2019, the Group shared the loss of a joint venture amounting to US$11,000 (30 June 2018: US$2,000) which mainly related to the decrease in fair value of an industrial property in Shanghai, China held by the joint venture, the property is vacant at present and is intended for leasing. At 30 June 2019, the carrying value of the investment in the joint venture was US$4,334,000 (31 December 2018: US$4,337,000).

OVERALL RESULTS

For the review period, the Group recorded a profit attributable to owners of the Company of US$269,000 (30 June 2018: loss of US$1,909,000) and total comprehensive income attributable to owners of the Company of US$835,000 (30 June 2018: total comprehensive expense of US$2,857,000). The turnaround of the Group's results was mainly attributed to (i) the substantial increase in profit to US$913,000 achieved by the marine transportation business over the same of US$201,000 recorded in the prior period; and (ii) the profitable results of US$281,000 posted by the investment holding business compared with the loss of US$2,125,000 recorded in the previous period.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During the six months ended 30 June 2019, the Group financed its operation mainly by cash generated from operations, credit facilities provided by banks and other financial institution, and shareholders' funds. At 30 June 2019, the Group had current assets of US$6,348,000 (31 December 2018: US$10,914,000) and liquid assets comprising bank balances and cash, time deposit and investment in listed equity securities totalling US$3,666,000 (31 December 2018: US$7,380,000). The Group's current ratio, calculated based on current assets over current liabilities of US$5,815,000 (31 December 2018: US$10,956,000), was at a ratio of about 1.09 at the period end (31 December 2018: 1.00). During the current period, the Group successfully renewed a loan facility of US$7,000,000 with a financial institution for five years, as the outstanding amount of this loan was previously classified as current liabilities at the prior year end, the Group's current ratio at 30 June 2019 had improved accordingly. At 30 June 2019, the equity attributable to owners of the Company amounted to US$43,919,000 (31 December 2018: US$43,084,000), increased by US$835,000 or 2% compared to the prior year end that was largely attributed to the profit earned by the Group during the current period as well as the increase in fair value of the Group's debt instruments at FVTOCI.

At the period end, the Group's borrowings represented loans from banks and other financial institution mainly for financing the holdings of vessels and investment property. During the current period, the Group successfully renewed a loan facility of US$7,000,000 for five years and raised new loans in the aggregate amount of US$11,369,000 for financing the acquisition of MV Polyworld. During the current period, the Group repaid loans totalling US$6,547,000. At 30 June 2019, the borrowings were denominated in United States dollars or Hong Kong dollars, bore interest at floating rates, and were secured by the three vessels and an investment property owned by the Group. The following is an analysis of the Group's borrowings and maturity profile:

	At 30 June 2019 US$'000	At 31 December 2018 US$'000
Secured loans	**19,239**	14,417
Carrying amount repaid*:		
On demand	**1,282**	–
Within one year	**3,268**	9,339
More than one year, but not exceeding two years	**3,268**	1,146
More than two years, but not exceeding five years	**11,421**	3,932
	19,239	14,417

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

The Group's finance costs of US$636,000 for the period represented mainly interests for the borrowings, finance costs increased by 59% (30 June 2018: US$401,000) was largely a result of the new loans raised during the current period for financing the acquisition of MV Polyworld and the increase in interest rate charged for floating-rate borrowings compared to the prior period.

The Group's gearing ratio, calculated on the basis of total borrowings of US$19,239,000 (31 December 2018: US$14,417,000) divided by total equity of US$43,919,000 (31 December 2018: US$43,084,000), was at a ratio of about 44% at the period end (31 December 2018: 33%).

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

Foreign currency management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in United States dollars and Hong Kong dollars. During the period under review, the Group had not experienced any significant exposure to exchange rate fluctuations, as such, the Group had not entered into any 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 2019, the three vessels owned by the Group, namely MV Zorina, MV Heroic and MV Polyworld, with aggregate carrying amount of US$33,848,000 (including dry-docking) and an investment property with carrying amount of US$11,013,000 were pledged to banks and other financial institution to secure loan facilities granted to the Group.

At 31 December 2018, the two vessels owned by the Group, namely MV Zorina and MV Heroic, with aggregate carrying amount of US$23,459,000 (including dry-docking) were pledged to bank and other financial institution to secure loan facilities granted to the Group.

Contingent liabilities

At 30 June 2019, the Group had no significant contingent liability (31 December 2018: nil).

Capital commitments

At 30 June 2019, the Group had no significant capital commitment. At 31 December 2018, the Group had a maximum capital commitment of US$10,412,000 being the balance of the unpaid consideration for acquisition of the entire issued share capital of, and the shareholder's loan to, Polyworld Marine Corp., with its sole assets being the vessel now named as MV Polyworld.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2019, the Group had 12 (31 December 2018: 14) employees including directors of the Company. During the current period, staff costs (including directors' emoluments) amounted to US$214,000 (30 June 2018: US$287,000). The remuneration packages for directors and staff are normally reviewed annually and are structured by reference to prevailing market terms and individual competence, performance and experience. The Group operates a Mandatory Provident Fund Scheme for employees in Hong Kong. In addition, the Group provides other employee benefits including medical insurance, subsidised training programme as well as discretionary bonus. During the current period, the Group continued to engage a crew agency to provide crew services (about 44 crew members) for two of the Group's vessels, crew expenses for the period amounting to US$866,000 (30 June 2018: US$295,000).

PROSPECTS

Upon completion of the acquisition of MV Polyworld, the Group has significantly increased the carrying capacity of its dry bulk fleet which is in line with the Group's corporate development strategy to expand the scale of its marine transportation business.

The market conditions of vessel chartering business have become increasingly volatile in recent months owing to the heightened tensions of trade disputes between the United States and China, nevertheless, the Group remains cautiously optimistic about the prospect of this business in the medium to long-term in light of the expected continuing growth of the world economy and international trade flow. Subject to the development and outcome of the settlement negotiations between the United States and China, the Group intends to acquire another dry bulk vessel in order to further expand the carrying capacity of its fleet and/or to reorganise the composition of its fleet structure to promote operating efficiency and profitability.

Looking forward, the management will keep up their efforts to further improve the business and financial performance of the Group and will continue to seize investment/business opportunities with attractive returns aiming to create value for shareholders. The management will focus on investment/business opportunities linking with the "One Belt, One Road" and "Greater Bay Area" initiatives strongly promulgated by the Chinese Government, which carry enormous business potential in the medium to long-term.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 US$'000 (Unaudited)	 2018 US$'000 (Unaudited)
Revenue			
Marine transportation income		**5,336**	1,184
Trading income		**1,792**	2,728
Interest income		**332**	305
Rental income		**–**	124
Total revenue	*4*	**7,460**	4,341
Cost of goods sold and direct expenses		**(6,145)**	(3,662)
Other income		**16**	7
Other gains and losses, net	*5*	**375**	(1,603)
Administrative expenses		**(790)**	(589)
Share of result of a joint venture		**(11)**	(2)
Finance costs		**(636)**	(401)
Profit (loss) for the period attributable to owners of the Company	*7*	**269**	(1,909)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of a foreign operation		**8**	(77)
Net increase (decrease) in fair value of debt instruments at fair value through other comprehensive income		**543**	(871)
Release on disposal of debt instruments at fair value through other comprehensive income		**15**	–
Other comprehensive income (expense) for the period, net of income tax		**566**	(948)
Total comprehensive income (expense) for the period attributable to owners of the Company		**835**	(2,857)
Basic earnings (loss) per share attributable to owners of the Company (US cent)	*9*	**0.05**	(0.42)

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	At 30 June 2019 US$'000 (Unaudited)	At 31 December 2018 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**33,849**	23,460
Deposit paid for an acquisition	*11*	**–**	1,088
Investment property	*12*	**11,013**	10,490
Interest in a joint venture		**4,334**	4,337
Debt instruments at fair value through other comprehensive income	*13*	**8,879**	8,829
		58,075	48,204
Current assets			
Inventories		**418**	722
Debt instruments at fair value through other comprehensive income	*13*	**501**	–
Trade receivables	*14*	**467**	441
Other receivables and prepayments		**627**	1,702
Amount due from a joint venture		**669**	669
Financial assets at fair value through profit or loss	*15*	**2,276**	2,596
Time deposit		**500**	500
Bank balances and cash		**890**	4,284
		6,348	10,914
Total assets		**64,423**	59,118

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	At 30 June 2019 US$'000 (Unaudited)	At 31 December 2018 US$'000 (Audited)
Current liabilities			
Trade payables	*16*	**32**	363
Deposits received, other payables and accruals		**1,199**	1,211
Contract liabilities		**33**	42
Income tax payable		**1**	1
Borrowings – due within one year	*17*	**4,550**	9,339
		5,815	10,956
Capital and reserves			
Share capital	*18*	**32,931**	32,931
Reserves		**10,988**	10,153
Total equity		**43,919**	43,084
Non-current liability			
Borrowings – due more than one year	*17*	**14,689**	5,078
Total liabilities and equity		**64,423**	59,118
Net current assets (liabilities)		**533**	(42)
Total assets less current liabilities		**58,608**	48,162

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Share capital US$'000	Share premium US$'000	Investment revaluation reserve US$'000	Other reserve US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2018 (audited)	27,443	42,507	63	1,531	245	(34,032)	37,757
Loss for the period	–	–	–	–	–	(1,909)	(1,909)
Net decrease in fair value of debt instruments at fair value through other comprehensive income	–	–	(871)	–	–	–	(871)
Exchange difference arising on translation of a foreign operation	–	–	–	–	(77)	–	(77)
Total comprehensive expense for the period	–	–	(871)	–	(77)	(1,909)	(2,857)
At 30 June 2018 (unaudited)	27,443	42,507	(808)	1,531	168	(35,941)	34,900
At 1 January 2019 (audited)	**32,931**	**42,449**	**(1,044)**	**1,531**	**(2)**	**(32,781)**	**43,084**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**269**	**269**
Net increase in fair value of debt instruments at fair value through other comprehensive income	**–**	**–**	**543**	**–**	**–**	**–**	**543**
Release on disposal of debt instruments at fair value through other comprehensive income	**–**	**–**	**15**	**–**	**–**	**–**	**15**
Exchange difference arising on translation of a foreign operation	**–**	**–**	**–**	**–**	**8**	**–**	**8**
Total comprehensive income for the period	**–**	**–**	**558**	**–**	**8**	**269**	**835**
At 30 June 2019 (unaudited)	**32,931**	**42,449**	**(486)**	**1,531**	**6**	**(32,512)**	**43,919**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Operating activities			
Profit (loss) for the period		**269**	(1,909)
Adjustments for:			
Interest income		**(345)**	(310)
Interest expenses from borrowings		**509**	401
Depreciation of property, plant and equipment		**509**	226
Release on disposal of debt instruments at fair value through other comprehensive income		**15**	–
Net decrease in fair value of financial assets at fair value through profit or loss	*5*	**41**	2,738
Increase in fair value of an investment property	*5*	**(590)**	(748)
Share of result of a joint venture		**11**	2
Operating cash flows before movements in working capital		**419**	400
Decrease (increase) in inventories		**304**	(2)
(Increase) decrease in trade receivables		**(26)**	153
Decrease (increase) in other receivables and prepayments		**999**	(563)
Decrease (increase) in financial assets at fair value through profit or loss		**262**	(5)
(Decrease) increase in trade payables		**(331)**	342
(Decrease) increase in deposits received, other payables and accruals		**(21)**	149
Decrease in contract liabilities		**(9)**	–
Cash from operations		**1,597**	474
Interest expenses paid		**(500)**	(401)
Interest income received		**344**	310
Dividend income received from financial assets at fair value through profit or loss		**77**	–
Net cash from operating activities		**1,518**	383

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	Six months ended 30 June **2019** ***US$'000*** **(Unaudited)**	 2018 *US$'000* (Unaudited)
Investing activities			
Proceeds from disposal of debt instruments at fair value through other comprehensive income		**386**	–
Purchase of debt instruments at fair value through other comprehensive income		**(394)**	–
Purchase of property, plant and equipment		**(9,810)**	–
Proceeds from redemption of debt instruments at fair value through other comprehensive income		**–**	200
Proceeds from disposal of equity instruments at fair value through other comprehensive income		**–**	79
Net cash (used in) from investing activities		**(9,818)**	279
Financing activities			
New borrowing raised	*17*	**11,369**	–
Repayment of borrowings	*17*	**(6,547)**	(1,345)
Net cash from (used in) financing activities		**4,822**	(1,345)
Net decrease in cash and cash equivalents		**(3,478)**	(683)
Cash and cash equivalents at the beginning of the period		**4,284**	2,744
Effect on exchange rate changes		**84**	–
Cash and cash equivalents at the end of the period		**890**	2,061

1 GENERAL

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

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

2 PRINCIPAL ACCOUNTING POLICIES

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

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

2 PRINCIPAL ACCOUNTING POLICIES (continued)

Application of new and amendments to IFRSs (continued)

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

2.1 Impacts and changes in accounting policies of application of IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases, and the related interpretations.

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

Based on the assessment by the directors of the Company, the transition to IFRS 16 as a lessee would have no impact on the Group's condensed consolidated statement of financial position at 30 June 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period and accumulated losses at 1 January 2019.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

Based on the assessment by the directors of the Company, the transition to IFRS 16 as a lessor would have no impact on the Group's condensed consolidated statement of financial position at 30 June 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period and accumulated losses at 1 January 2019.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Significant changes in significant judgements and key sources of estimation uncertainty

- Lease or service

- Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

3 SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the executive directors 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 has chosen to organise the Group in different operating activities.

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

1. Marine transportation

2. Property holding and investment

3. Investment holding

4. Merchandise trading

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

3 SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Segment revenue	**5,336**	1,184	**-**	124	**332**	305	**1,792**	2,728	**7,460**	4,341
Segment results	**913**	201	**504**	868	**281**	(2,125)	**17**	36	**1,715**	(1,020)
Unallocated:										
Corporate income									**4**	83
Corporate expenses									**(803)**	(569)
Share of result of a joint venture									**(11)**	(2)
Finance costs									**(636)**	(401)
Profit (loss) for the period									**269**	(1,909)

Segment assets

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	At		At		At		At		At	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**35,343**	26,978	**16,054**	15,504	**12,190**	12,032	**245**	1,805	**63,832**	56,319
Unallocated corporate assets									**591**	2,799
Total assets									**64,423**	59,118

4 REVENUE

Disaggregation of revenue

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Types of goods and services:										
Merchandise trading	**-**	-	**-**	-	**-**	-	**1,792**	2,728	**1,792**	2,728
Marine transportation	**4,629**	787	**-**	-	**-**	-	**-**	-	**4,629**	787
Revenue from contracts with customers	**4,629**	787	**-**	-	**-**	-	**1,792**	2,728	**6,421**	3,515
Bareboat chartering income from a vessel	**707**	397	**-**	-	**-**	-	**-**	-	**707**	397
Rental income from an investment property	**-**	-	**-**	124	**-**	-	**-**	-	**-**	124
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")	**-**	-	**-**	-	**332**	305	**-**	-	**332**	305
Total revenue	**5,336**	1,184	**-**	124	**332**	305	**1,792**	2,728	**7,460**	4,341

5 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Increase in fair value of an investment property	**590**	748
Net decrease in fair value of financial assets at fair value through profit or loss ("FVTPL")	**(41)**	(2,738)
Realised (loss) gain on disposal of financial assets at FVTPL *(note)*	**(5)**	315
Realised loss on disposal of debt instruments at FVTOCI	**(3)**	–
Net foreign exchange (loss) gain	**(166)**	72
	375	(1,603)

Note: The amounts represent (loss) gain on disposals of financial assets at FVTPL calculated based on the difference between the net proceeds from disposals during the period and the acquisition costs during the current period and/or the carrying amounts of such assets recorded at last financial year end.

6 INCOME TAX EXPENSES

No tax is payable on the profit for the period ended 30 June 2019 and 2018 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

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

7 PROFIT (LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest income from banks	**(13)**	(5)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	**209**	280
– Contributions to retirement benefits scheme	**5**	7
Total employee benefits expenses	**214**	287
Cost of inventories recognised as expenses	**1,775**	2,695
Marine crew expenses	**866**	295
Depreciation of property, plant and equipment	**509**	226

8 DIVIDEND

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2018: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9 EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company	**269**	(1,909)

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period	**548,852**	457,377

For the periods ended 30 June 2019 and 2018, no diluted earnings (loss) per share is presented as there were no dilutive potential ordinary shares outstanding during both periods.

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, addition of property, plant and equipment amounted to US$10,898,000 which represents acquisition of the Vessel (as defined in note 11) (six months ended 30 June 2018: nil).

11 DEPOSIT PAID FOR AN ACQUISITION

On 16 November 2018 and 16 January 2019, Peak Prospect Global Limited ("Peak Prospect"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "S&P Agreement") and a supplemental agreement (collectively the "Agreement") respectively with Mr. Suen Cho Hung, Paul, a substantial shareholder of the Company (the "Vendor"), as vendor and Peak Prospect as purchaser, for the acquisition of the entire issued share capital of and the shareholder's loan to Polyworld Marine Corp. ("Polyworld") for a maximum aggregate consideration of US$11,500,000 (the "Acquisition"). The principal purpose of entering into the Agreement was to facilitate the acquisition of a vessel formerly named MV Grand Pioneer (now known as MV Polyworld) (the "Vessel"), accordingly, on 16 November 2018 prior to the signing of the S&P Agreement, the Vendor procured Polyworld to enter into a memorandum of agreement for the acquisition of the Vessel, with the intention of transferring the Vessel to the Group through the sale of Polyworld to the Group.

At 31 December 2018, a deposit of US$1,088,000 was paid to the Vendor for the Acquisition, and the balance of the maximum consideration of US$10,412,000 was disclosed as a capital commitment of the Group at the prior year end. The acquisition of Polyworld was completed on 20 February 2019. Details of the Acquisition were disclosed in the Company's circular dated 29 January 2019. The total cost for acquisition of the Vessel was US$10,898,000 and was included as an addition of property, plant and equipment for the current period as set out in note 10.

12 INVESTMENT PROPERTY

The fair value of the Group's investment property at 30 June 2019 and 31 December 2018 were arrived at on the basis of a valuation carried out on the respective dates by JP Assets Consultancy Limited, an independent qualified professional valuer not connected to the Group.

The fair value was determined based on the direct comparison approach by making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions. In estimating the fair value of the property, the highest and best use of the property was its current use.

13 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Listed debt securities *(note)*	**9,380**	8,829
Analysed for reporting purposes as:		
Current assets	**501**	–
Non-current assets	**8,879**	8,829
	9,380	8,829

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

14 TRADE RECEIVABLES

The credit period for customers of time charter are 30 days (31 December 2018: 30 days). The Group normally allows credit period for customers of merchandise trading ranging from 0 days to 60 days (31 December 2018: 0 days to 60 days). An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	At 30 June 2019 *US$'000* **(Unaudited)**	At 31 December 2018 *US$'000* (Audited)
0 to 90 days	**467**	441

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2019 *US$'000* **(Unaudited)**	At 31 December 2018 *US$'000* (Audited)
Held for trading, at fair value:		
Equity securities listed in Hong Kong *(note)*	**2,276**	2,596

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

16 TRADE PAYABLES

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

	At 30 June 2019 *US$'000* **(Unaudited)**	At 31 December 2018 *US$'000* (Audited)
61 to 90 days	**32**	363

17 BORROWINGS

During the six months ended 30 June 2019, the Group raised three new loans in an aggregate amount of US$11,369,000 (six months ended 30 June 2018: nil).

During the current period, the Group raised one new loan from a financial institution with principal amount of US$5,600,000, the loan is secured by the vessel MV Polyworld, it carries interest at London Interbank Offered Rate ("LIBOR") plus certain basis points and is repayable by quarterly instalments over five years.

In addition, during the current period, the Group raised a new revolving loan from a bank with principal amount of US$3,846,000, the loan is secured by an investment property held by the Group, it carries interest at Hong Kong Interbank Offered Rate ("HIBOR") plus certain basis points and is repayable on demand.

Furthermore, during the current period, the Group raised a new loan from a licensed money lender, which was a related party of the Company, amounting to US$1,923,000. The loan carried interest at 10% per annum and was fully repaid during the current period.

During the six month ended 30 June 2019, the Group repaid loans totalling US$6,547,000 (six months ended 30 June 2018: US$1,345,000). At 30 June 2019, the loans are carrying interest at LIBOR or HIBOR plus certain basis points. The outstanding loans at 30 June 2019 are repayable within one to five years (31 December 2018: repayable within one to four years).

The borrowings at 30 June 2019 and 31 December 2018 were secured by the followings:

(i) corporate guarantee from the Company on the outstanding loan balances;

(ii) first preferred mortgage over the vessels held by Zorina Navigation Corp., Heroic Marine Corp. and Polyworld Marine Corp., named MV Zorina, MV Heroic and MV Polyworld respectively (31 December 2018: first preferred mortgage over the vessels MV Zorina and MV Heroic;

(iii) assignment of insurance proceeds in respect of vessels MV Zorina, MV Heroic and MV Polyworld (31 December 2018: assignment of insurance proceeds in respect of vessels MV Zorina and MV Heroic); and

(iv) first preferred mortgage over an investment property held by Courage Marine Property Investment Limited, a subsidiary of the Company (31 December 2018: nil).

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

18 SHARE CAPITAL

	Number of shares *'000*	Amount *US$'000*
Authorised:		
At 1 January 2018, 31 December 2018 and 30 June 2019 (US$0.06 per share)	**3,000,000**	**180,000**
Issued and fully paid:		
At 1 January 2018 (US$0.06 per share)	457,377	27,443
Issue of new shares *(note)*	91,475	5,488
At 31 December 2018 and 30 June 2019 (US$0.06 per share)	**548,852**	**32,931**

All issued ordinary shares have a par value of US$0.06 each (31 December 2018: US$0.06 each), carry one vote per share and carry the right to dividends as and when declared by the Company.

Note: On 15 August 2018, the Company completed a placement of 91,475,000 ordinary shares under general mandate to certain independent third parties at an issue price of HK$0.473 per share (the "2018 Placing") and recognised an increase in share capital of US$5,488,000 and a decrease in share premium of US$58,000 (after netting off US$152,000 share issue expenses). The net proceeds from the 2018 Placing were US$5,430,000.

19 PLEDGE OF ASSETS

At 30 June 2019, three vessels with an aggregate carrying amount of US$33,848,000 (including dry-docking) and an investment property with carrying amount of US$11,013,000 were pledged to banks and other financial institution as security for the loan facilities granted to the Group.

At 31 December 2018, two vessels with an aggregate carrying amount of US$23,459,000 (including dry-docking) were pledged to bank and other financial institution as security for the loan facilities granted to the Group.

20 RELATED PARTY DISCLOSURES

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

(a) During the period ended 30 June 2019, the Group had the following transactions with related parties that were not members of the Group:

Related parties	Nature of transaction	Six months ended 30 June 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Poly Investment & Finance Limited ("PIF") *(note)*	Rental expenses	**46**	35
U Credit (HK) Limited ("U Credit") *(note)*	Interest expenses	**63**	–

Note: At 30 June 2019, Mr. Suen Cho Hung, Paul (a substantial shareholder of the Company) was the sole shareholder of PIF and had an approximately 9.9% indirect shareholding interest in U Credit. At 30 June 2019, Mr. Sue Ka Lok was a director of both the Company and U Credit.

(b) Remuneration of key management personnel

During the period ended 30 June 2019, the remuneration of the Group's key management personnel comprising directors and senior management was as follows:

	Six months ended 30 June 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Short-term benefits	**184**	118
Post-employment benefits	**4**	2
	188	120

21 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets	**Fair value at 30 June 2019** *US$'000* **(Unaudited)**	Fair value at 31 December 2018 *US$'000* (Audited)	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Debt instruments at FVTOCI						
Listed debt securities	**9,380**	8,829	Level 1	Quoted bid prices in active markets	N/A	N/A
Financial assets of FVTPL						
Listed equity securities	**2,276**	2,596	Level 1	Quoted bid prices in an active market	N/A	N/A

Fair value of the Group's financial assets and 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 to their fair values.

22 APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been approved and authorised for issue by the Board on 22 August 2019.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

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

At 30 June 2019, none of the directors and chief executive of the Company had any interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Hong Kong Listing Rules (the "Model Code").

SHARE OPTION SCHEME

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

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

No share options were granted under the Share Option Scheme since its adoption.

Further details of the Share Option Scheme were set out in the 2018 annual report of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "SHARE OPTION SCHEME" above, at no time during the six months ended 30 June 2019 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

At 30 June 2019, the following interests of more than 5% of the total number of issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company:

Name of Shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	99,584,066 *(Note)*	18.14%
Brilliant Epic Asia Limited ("Brilliant Epic")	Interest of controlled corporation	99,584,066 *(Note)*	18.14%
Success United Development Limited ("Success United")	Beneficial owner	99,584,066 *(Note)*	18.14%

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 99,584,066 shares of the Company held by Success United under the SFO.

The interests of Mr. Suen, Brilliant Epic and Success United in 99,584,066 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 at 30 June 2019 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 (the "CG Code") as set out in Appendix 14 to the Hong Kong Listing Rules throughout the six months ended 30 June 2019 except for the following deviation with reasons as explained:

Code Provision A.5.5(2)

Code provision A.5.5(2) of the CG Code stipulates that where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the board believes the individual would still be able to devote sufficient time to the board if the proposed independent non-executive director will be holding his seventh (or more) listed company directorship.

Deviation

During the six months ended 30 June 2019, there had been a deviation from the code provision A.5.5(2) in respect of a disclosure (or the lack therein) in the circular to the Shareholders accompanying the notice of the annual general meeting of the Company held on 20 June 2019 (the "AGM") regarding reasons that the Board believed Mr. To Yan Ming, Edmond ("Mr. To"), an Independent Non-executive Director who was subject to re-election at the AGM, would still be able to devote sufficient time to the Board as he would be holding more than seven listed company directorship after re-election at the AGM. The Board had considered its reasons including that Mr. To had been providing valuable independent advice to the Board, his attendance at Board meetings and annual general meetings of the Company had been satisfactory and his directorships with other listed companies were non-executive in nature. The Board did not disclose its reasons in the circular as Mr. To was not a new director of the Company and his various external directorships was something that the Board had been aware of for many years. The existences of these external directorships had been disclosed to the Shareholders in annual reports of the Company and in each circular relating to the re-election of Mr. To, together with a positive voting recommendation from the Board. The Board therefore did not consider that it was necessary to state its reasons for repeated re-election of the same director in the circular to shareholders and/or explanatory statement accompanying the AGM notice. However, for the purpose of good corporate governance, the Board will disclose such information in future in respect of re-election of independent non-executive director who will be holding more than seven listed company directorship after his/her re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry with the directors of the Company, all of them confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2019.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 June 2019 have not been audited, but have been reviewed by the Audit Committee and are duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 June 2019, 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, 22 August 2019