



**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)

**2020**  
INTERIM REPORT



# Contents

Corporate Information	3
Management Discussion and Outlook	4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	18
Other Information	30



## 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
“dwt”	dead weight tonnage
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“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  
Mr. Tsao Hoi Ho

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## CHIEF EXECUTIVE OFFICER

Mr. Yuen Chee Lap, Carl

## COMPANY SECRETARY

Ms. Wang Yu

## DEPUTY COMPANY SECRETARY

Ms. Lee Pih Peng

## TRADING OF SHARES

Hong Kong Stock Exchange  
(Stock Code: 1145)  
Singapore Exchange  
(Stock Code: CIN)

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS

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*  
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  
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

[www.courageinv.com](http://www.courageinv.com)

*The above information is updated to 23 September 2020, being the latest practicable date before printing of this interim report.*

# Management Discussion and Outlook

## BUSINESS REVIEW

During the six months ended 30 June 2020 ("HY2020"), the Group continued to principally engage in the business of marine transportation, property holding and investment, investment holding and merchandise trading.

The outbreak of COVID-19 on a global basis in early 2020 has brought some unprecedented market challenges to the Group. The slowdown of economic activities of many major economies including Mainland China, the US, the UK and many countries in Europe, and the consequential decrease of international trade flow that led to the large fluctuations of freight rates during HY2020, had to a certain extent, adversely affected the Group's business. Against this backdrop, the Group's marine transportation operation has managed to achieve a profit of US\$1,110,000 for HY2020 (30 June 2019: US\$913,000), though the Group recorded an overall loss attributable to owners of the Company of US\$1,307,000 (30 June 2019: profit of US\$269,000), and posted a basic loss per share of US0.24 cent for HY2020 (30 June 2019: basic earnings per share of US0.05 cent). The Group's loss for the period was mainly due to the decrease in fair value of an investment property of US\$1,141,000 (30 June 2019: increase of US\$590,000) and the increase in unrealised loss on listed equity securities to US\$738,000 (30 June 2019: US\$41,000). The Group's revenue dropped by 42% to US\$4,360,000 for HY2020 (30 June 2019: US\$7,460,000) that was largely due to the decrease in revenue of the marine transportation and merchandise trading businesses.

### Marine transportation

For HY2020, the Group's marine transportation business reported a 34% decrease in revenue to US\$3,537,000 (30 June 2019: US\$5,336,000) whilst an increase in profit by 22% to US\$1,110,000 (30 June 2019: US\$913,000). The decrease in the operation's revenue was the combined results of (i) the temporary halt of the charter-in and charter-out vessel ("CICOV") business since February 2020; and (ii) the decrease in freight rates of the Group's self-owned vessels, mainly resulted from the adverse market conditions of the vessel chartering business brought by the global outbreak of COVID-19. Despite the drop of the operation's revenue, the increase in profit of the operation was mainly due to less repair and maintenance expenses were incurred during HY2020, and also less off-hire time owing to better schedule management of the Group's vessels. The Group commenced its CICOV business back in June 2018. The principal purpose of setting up 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. In June 2018, the Group had charter-in one Panamax size vessel with carrying capacity of approximately 82,000 dwt, however, as market conditions were not favourable primarily resulting from the year-long China-US trade disputes, the Group had elected to terminate the charter-in contract in early 2020 and put this business on a temporary halt. The Group will consider resuming this business when market conditions improve.

Primarily due to the global outbreak of COVID-19 and the continuous trade disputes between China and the US, the BDI, which is closely correlated to market freight rate, was volatile during HY2020 by hitting its low of about 400 points in May 2020, and rebounded to nearly 1,800 points in June 2020, and was hovering between 500 to 1,000 points level throughout a large part of the period. The current market conditions of the marine transportation business is unstable as a result of the outbreak of COVID-19 which has hampered international trade flow. However, with the gradual revival of economic activities of some major economies including Mainland China, the Group is cautiously 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 vessels, is approximately 171,000 dwt. The Group will continue its plan to acquire a second hand Supramax dry bulk carrier, in a cautious manner with due regard to the market conditions, with a view to expand the carrying capacity of its dry bulk fleet.

# Management Discussion and Outlook

## Property holding and investment

For HY2020, the property holding and investment business reported a loss of US\$1,031,000 (30 June 2019: profit of US\$504,000) and contributed a revenue of US\$110,000 (30 June 2019: nil) to the Group. The Group's investment property is an office unit at Shun Tak Centre, Sheung Wan, Hong Kong and is leased under a new tenancy entered since September 2019 which generated a rental income of US\$110,000 (30 June 2019: nil). The investment property was valued at US\$9,321,000 at the period end (31 December 2019: US\$10,462,000), with a revaluation loss of US\$1,141,000 (30 June 2019: revaluation gain of US\$590,000) being recognised which accounted for a large part of the operation's loss for HY2020.

## Investment holding

The Group's investment holding business contributed a revenue of US\$390,000 (30 June 2019: US\$332,000) and recorded a loss of US\$350,000 (30 June 2019: profit of US\$281,000) for HY2020. The revenue of the business comprised interest income from corporate bonds held by the Group.

During the 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 12.33% 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 prospects.

At the period end, the Group's investments classified as financial assets at fair value through profit or loss ("FVTPL") of US\$1,123,000 (31 December 2019: US\$1,861,000) 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") of US\$10,151,000 (31 December 2019: US\$9,978,000) represented a portfolio of corporate bonds held for long term purpose.

For the period under review, the revenue of this business comprised interest income from corporate bonds, whereas the loss of this business represented mainly unrealised loss on listed equity securities held at the period end of US\$738,000 (30 June 2019: US\$41,000), after offsetting against interest income from corporate bonds of US\$390,000 (30 June 2019: US\$332,000). The unrealised loss recorded for the period was mainly due to the volatile conditions of the Hong Kong stock market during HY2020, which to a certain extent, owing to the outbreak of COVID-19.

For HY2020, a net decrease in fair value of the Group's debt instruments at FVTOCI of US\$228,000 (30 June 2019: net increase of US\$543,000) was recognised as other comprehensive expense. There were no material fundamental changes in the financial parameters of these debt instruments, the net decrease in fair value of these debts was to a certain extent, caused by the negative investment sentiments resulting from the outbreak of COVID-19.

## Management Discussion and Outlook

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 assets at FVTPL %	Approximate weighting to the total assets of the Group at 30 June 2020 %	% of shareholding interest %	Acquisition costs US\$'000 A	*Acquisition costs during the period/ carrying amount at 1 January 2020 US\$'000 B	Market/fair value at 30 June 2020 US\$'000 C	Accumulated unrealised loss recognised up to 30 June 2020 US\$'000 D=C-A	Unrealised loss recognised during the period ended 30 June 2020 US\$'000 E=C-B	#Investee company's financial performance	#Future prospects of the investee company
	Get Nice Holdings Limited (stock code: 64)	91.1%	1.7%	0.62%	2,013	1,731	1,023	(990)	(708)	For the year ended 31 March 2020, revenue decreased by 7% to HK\$524,524,000 and profit for the year attributable to owners of the investee company decreased by 39% to HK\$118,295,000 as compared to the prior financial year.
Broking and securities margin financing, money lending, corporate finance and investments										
Others	8.9%	0.2%	N/A	1,892	130	100	(1,792)	(30)		
	100%	1.9%		3,905	1,861	1,123	(2,782)	(738)		

\* The amount represented the costs of the securities acquired during the six months ended 30 June 2020 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 company.

## Management Discussion and Outlook

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 the issuer	Approximate weighting to the market/ fair value of the Group's debt instruments at FVTOCI portfolio %	Approximate weighting to the total assets of the Group at 30 June 2020 %	Yield to maturity upon acquisition %	Acquisition costs US\$'000	*Acquisition costs during the period/ carrying amount at 1 January 2020 US\$'000	Market/fair value at 30 June 2020 US\$'000	Accumulated fair value gain (loss) recognised up to 30 June 2020 US\$'000	Fair value gain (loss) recognised during the period ended 30 June 2020 US\$'000
China Evergrande Group	Property related business	28.4%	4.7%	8.22 - 8.75	3,401	2,996	2,881	(520)	(115)
Pacific Century Premium Developments Limited	Property related business	13.6%	2.2%	4.68	1,403	1,411	1,378	(25)	(33)
Logan Property Holdings Company Limited	Property related business	19.7%	3.3%	5.48	1,978	1,994	1,996	18	2
China Aircraft Leasing Group Holdings Limited	Aircraft leasing	8.6%	1.4%	5.09	983	930	871	(112)	(59)
Fantasia Holdings Group Company Limited	Property related business	4.1%	0.7%	12.33	395	410	414	19	4
KWG Property Holding Limited	Property related business	9.9%	1.6%	5.37	1,029	1,002	1,005	(24)	3
Kaisa Group Holdings Limited	Property related business	8.1%	1.3%	11.68 - 11.75	799	828	825	26	(3)
Others	N/A	7.6%	1.3%	6.72 - 11.34	801	808	781	(20)	(27)
		<u>100%</u>	<u>16.5%</u>		<u>10,789</u>	<u>10,379</u>	<u>10,151</u>	<u>(638)</u>	<u>(228)</u>

\* The amount represented the costs of the securities acquired during the six months ended 30 June 2020 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.



# Management Discussion and Outlook

## Merchandise trading

The Group continued its merchandise trading business which focusing on trading of electronic components during HY2020. The business generated revenue of US\$323,000 (30 June 2019: US\$1,792,000), decreased by 82%, and posted an operating profit of US\$4,000 (30 June 2019: US\$17,000), decreased by 76%. The declines in both revenue and profit of the business were to a certain extent, due to the outbreak of COVID-19 and the trade disputes between China and the US which caused a slowdown of the electronics industry in general.

## Share of result of a joint venture

During HY2020, the Group shared the loss of a joint venture amounting to US\$25,000 (30 June 2019: US\$11,000) 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 2020, the carrying value of the investment in joint venture was US\$4,587,000 (31 December 2019: US\$4,680,000).

## OVERALL RESULTS

The Group recorded a loss for the period attributable to owners of the Company of US\$1,307,000 (30 June 2019: profit of US\$269,000) and total comprehensive expense attributable to owners of the Company of US\$1,603,000 (30 June 2019: total comprehensive income of US\$835,000). Though the Group's marine transportation operation continued to report profit of US\$1,110,000 (30 June 2019: US\$913,000), the Group recorded an overall loss that was mainly due to the decrease in fair value of an investment property of US\$1,141,000 (30 June 2019: increase in fair value of US\$590,000), and the increase in unrealised loss on listed equity securities held at the period end to US\$738,000 (30 June 2019: US\$41,000). The other comprehensive expense of US\$296,000 comprised mainly the net decrease in fair value of debt instruments at FVTOCI.

# Management Discussion and Outlook

## FINANCIAL REVIEW

### Liquidity, financial resources and capital structure

During HY2020, 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 2020, the Group had current assets of US\$3,418,000 (31 December 2019: US\$5,941,000) and liquid assets comprising bank balances and cash and investment in listed equity securities totalling US\$1,770,000 (31 December 2019: US\$4,312,000 (including time deposit)). The Group's current ratio, calculated based on current assets over current liabilities of US\$7,443,000 (31 December 2019: US\$7,139,000), was at a ratio of about 0.46 at the period end (31 December 2019: 0.83). During year 2019, the Group raised a revolving loan from a bank with outstanding balance of US\$2,821,000 at 30 June 2020. The loan is revolving with no fixed repayment date whilst need to be repaid if demanded by bank. The revolving loan is classified as current liabilities, if the loan is excluded as current liabilities, the Group's current ratio would have been 0.74. The Group is able to repay its current liabilities when due by its own working capital and the proceeds from disposal of certain debt instruments at FVTOCI with good liquidity in the market.

At 30 June 2020, the equity attributable to owners of the Company amounted to US\$42,239,000 (31 December 2019: US\$43,842,000), decreased by US\$1,603,000 or 4% compared to the prior year end that was largely due to the loss incurred by the Group during the current period and the net decrease 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 debt instruments at FVTOCI. At 30 June 2020, the borrowings were denominated in United States dollars or Hong Kong dollars, bore interest at floating rates, and were secured by the three vessels, the investment property and certain debt instruments at FVTOCI owned by the Group. The following is an analysis of the Group's borrowings and maturity profile:

	<b>At 30 June 2020 US\$'000</b>	At 31 December 2019 US\$'000
Secured loans	<b>17,509</b>	19,143
The carrying amounts of the loans are repayable*:		
On demand	<b>2,821</b>	2,821
Within one year	<b>3,268</b>	3,268
More than one year, but not exceeding two years	<b>3,268</b>	3,268
More than two years, but not exceeding five years	<b>8,152</b>	9,786
	<b>17,509</b>	19,143

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

# Management Discussion and Outlook

The Group's finance costs of US\$425,000 for the period represented mainly interests for the borrowings, finance costs decreased by 33% (30 June 2019: US\$636,000) was mainly due to the decrease in interest rate charged for floating-rate borrowings compared to the prior corresponding period.

The Group's gearing ratio, calculated on the basis of total borrowings of US\$17,509,000 (31 December 2019: US\$19,143,000) divided by total equity of US\$42,239,000 (31 December 2019: US\$43,842,000), was at a ratio of about 41% at the period end (31 December 2019: 44%).

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.

## Events after the reporting period

### (a) *COVID-19 pandemic*

The outbreak of COVID-19 that is affecting many nations, the global and local investment markets and the international trade flow has to a certain extent, adversely affected the Group's operations. The directors of the Company considered it is difficult to predict the evolution and duration of the pandemic and that at the reporting date, the extent of its impact to the Group cannot be reliably quantified or estimated. The management will continue to closely monitor the situation and will take all necessary and appropriate measures to reduce the impact of the pandemic to the Group.

### (b) *Proposed capital reorganisation and open offer*

On 24 July 2020, the Board proposed a reorganisation of the capital of the Company by way of (i) capital reduction; (ii) share premium account reduction; and (iii) share subdivision (the "Capital Reorganisation"). Upon the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$71.35 million (equivalent to approximately US\$9,147,000) before expenses by way of an open offer of 548,851,784 offer shares at the subscription price of HK\$0.13 per offer share on the basis of one offer share for every one share of the Company held on the record date which is payable in full on application (the "Open Offer"). Further details of the proposed Capital Reorganisation and Open Offer were set out in the announcement of the Company dated 24 July 2020.

## 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 HY2020, 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 2020, three vessels with an aggregate carrying amount of US\$33,486,000 (31 December 2019: US\$33,709,000) (including dry-docking), an investment property with carrying amount of US\$9,321,000 (31 December 2019: US\$10,462,000) and debt instruments at FVTOCI with carrying amount of US\$8,190,000 (31 December 2019: US\$7,918,000) were pledged to banks and other financial institution as security for the loan facilities granted to the Group.

# Management Discussion and Outlook

## Contingent liabilities

At 30 June 2020, the Group had no significant contingent liability (31 December 2019: nil).

## Capital commitments

At 30 June 2020, the Group had capital commitment of US\$38,000 in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements (31 December 2019: nil).

## EMPLOYEES AND REMUNERATION POLICY

At 30 June 2020, the Group had 13 (31 December 2019: 13) employees including directors of the Company. For HY2020, staff costs (including directors' emoluments) amounted to US\$170,000 (30 June 2019: US\$214,000). 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 HY2020, the Group continued to engage a shipping agency to provide crew services (about 44 crew members) for two of the Group's vessels, crew expenses for the period amounting to US\$828,000 (30 June 2019: US\$866,000).

## PROSPECTS

The marine transportation market is currently in unstable condition as a result of the global outbreak of COVID-19 which has adversely affected many nations worldwide and international trade flow. However, with the gradual revival of economic activities of some major economies including Mainland China, the Group is cautiously optimistic about the prospects of the marine transportation business in the medium to long-term. Looking forward, the Group will continue to manage its businesses in a disciplined manner, and be cautious in seizing new investment/business opportunities with good returns as well as pursuing the plan, with due regard to market conditions, in acquiring a second hand Supramax dry bulk carrier to further expand the carrying capacity of its fleet.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		US\$'000	US\$'000
		(Unaudited)	(Unaudited)
Notes			
<b>Revenue</b>			
		3,537	5,336
		323	1,792
		390	332
		110	–
		<hr/>	<hr/>
		4,360	7,460
		(2,746)	(6,145)
		23	16
		(1,878)	375
		(616)	(790)
		(25)	(11)
		(425)	(636)
		<hr/>	<hr/>
		(1,307)	269
		<hr/>	<hr/>
<b>Other comprehensive (expense) income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
		(68)	8
		(228)	543
		–	15
		<hr/>	<hr/>
		(296)	566
		<hr/>	<hr/>
		(1,603)	835
		<hr/>	<hr/>
		(0.24)	0.05
		<hr/>	<hr/>

# Condensed Consolidated Statement of Financial Position

At 30 June 2020

	Notes	At 30 June 2020 US\$'000 (Unaudited)	At 31 December 2019 US\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	33,486	33,709
Right-of-use asset	12	322	–
Deposits paid for property, plant and equipment		29	–
Investment property	13	9,321	10,462
Interest in a joint venture		4,587	4,680
Debt instruments at fair value through other comprehensive income	14	10,151	9,978
		<b>57,896</b>	<b>58,829</b>
<b>Current assets</b>			
Trade receivables	15	45	165
Other receivables and prepayments		934	795
Amount due from a joint venture		669	669
Financial assets at fair value through profit or loss	16	1,123	1,861
Time deposit		–	500
Bank balances and cash		647	1,951
		<b>3,418</b>	<b>5,941</b>
<b>Total assets</b>		<b>61,314</b>	<b>64,770</b>

# Condensed Consolidated Statement of Financial Position

At 30 June 2020

	<i>Notes</i>	<b>At 30 June 2020 US\$'000 (Unaudited)</b>	At 31 December 2019 US\$'000 (Audited)
<b>Current liabilities</b>			
Deposits received, other payables and accruals		1,121	947
Contract liabilities		90	102
Income tax payable		1	1
Borrowings – due within one year	17	6,089	6,089
Lease liabilities		142	–
		<b>7,443</b>	7,139
<b>Net current liabilities</b>		<b>(4,025)</b>	(1,198)
<b>Total assets less current liabilities</b>		<b>53,871</b>	57,631
<b>Capital and reserves</b>			
Share capital	18	32,931	32,931
Reserves		9,308	10,911
<b>Total equity</b>		<b>42,239</b>	43,842
<b>Non-current liabilities</b>			
Borrowings – due more than one year	17	11,420	13,054
Deposit received		–	735
Lease liabilities		212	–
		<b>11,632</b>	13,789
<b>Total liabilities and equity</b>		<b>61,314</b>	64,770

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	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 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
<b>At 1 January 2020 (audited)</b>	<b>32,931</b>	<b>42,449</b>	<b>(410)</b>	<b>1,531</b>	<b>(58)</b>	<b>(32,601)</b>	<b>43,842</b>
Loss for the period	-	-	-	-	-	(1,307)	(1,307)
Net decrease in fair value of debt instruments at fair value through other comprehensive income	-	-	(228)	-	-	-	(228)
Exchange difference arising on translation of a foreign operation	-	-	-	-	(68)	-	(68)
Total comprehensive expense for the period	-	-	(228)	-	(68)	(1,307)	(1,603)
<b>At 30 June 2020 (unaudited)</b>	<b>32,931</b>	<b>42,449</b>	<b>(638)</b>	<b>1,531</b>	<b>(126)</b>	<b>(33,908)</b>	<b>42,239</b>



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
<b>Operating activities</b>			
(Loss)profit for the period		(1,307)	269
Adjustments for:			
Interest income		(394)	(345)
Finance costs		425	509
Depreciation of property, plant and equipment		753	509
Depreciation of right-of-use asset		62	-
Decrease (increase) in fair value of an investment property	6	1,141	(590)
Net decrease in fair value of financial assets at fair value through profit or loss	6	738	41
Release on disposal of debt instruments at fair value through other comprehensive income		-	15
Share of result of a joint venture		25	11
Operating cash flows before movements in working capital		1,443	419
Decrease in inventories		-	304
Decrease (increase) in trade receivables		120	(26)
(Increase) decrease in other receivables and prepayments		(114)	999
Decrease in financial assets at fair value through profit or loss		-	262
Decrease in trade payables		-	(331)
Decrease in deposits received, other payables and accruals		(539)	(21)
Decrease in contract liabilities		(12)	(9)
Cash from operations		898	1,597
Interest income received		369	344
Interest expenses paid		(447)	(500)
Dividend income received from financial assets at fair value through profit or loss		-	77
<b>Net cash from operating activities</b>		<b>820</b>	<b>1,518</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	<b>Six months ended 30 June</b>	
	<b>2020</b> <i>US\$'000</i> <b>(Unaudited)</b>	<b>2019</b> <i>US\$'000</i> <b>(Unaudited)</b>
<b>Investing activities</b>		
Proceeds from disposal of debt instruments at fair value through other comprehensive income	–	386
Deposits paid for property, plant and equipment	<b>(29)</b>	–
Release of time deposit	<b>500</b>	–
Purchase of debt instruments at fair value through other comprehensive income	<b>(401)</b>	(394)
Purchase of property, plant and equipment	<b>(530)</b>	(9,810)
Net cash used in investing activities	<b>(460)</b>	(9,818)
<b>Financing activities</b>		
Repayment of lease liabilities	<b>(30)</b>	–
New borrowing raised	–	11,369
Repayment of borrowings	<b>(1,634)</b>	(6,547)
Net cash (used in) from financing activities	<b>(1,664)</b>	4,822
Net decrease in cash and cash equivalents	<b>(1,304)</b>	(3,478)
Cash and cash equivalents at the beginning of the period	<b>1,951</b>	4,284
Effect on exchange rate changes	–	84
<b>Cash and cash equivalents at the end of the period</b>	<b>647</b>	890

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 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 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 BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020, the Group had net current liabilities of US\$4,025,000. The condensed consolidated financial statements of the Company have been prepared on a going concern basis as the Group is able to repay its current liabilities when due by its own working capital and the proceeds from disposal of certain debt instruments at fair value through other comprehensive income ("FVTOCI") with good liquidity in the market. The directors of the Company have carefully considered the future liquidity of the Group and concluded that the Group has sufficient working capital to meet in full its financial obligations as and when they fall due in the foreseeable future.

## 3 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 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 2020 are the same as those presented in the Group's audited consolidated financial statements for the year ended 31 December 2019.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 3 PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the amendments to IFRSs in the current 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.

## 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 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 4 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	
	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
Segment revenue	3,537	5,336	110	-	390	332	323	1,792	4,360	7,460
Segment results	1,110	913	(1,031)	504	(350)	281	4	17	(267)	1,715
Unallocated:										
Corporate income									19	4
Corporate expenses									(609)	(803)
Share of result of a joint venture									(25)	(11)
Finance costs									(425)	(636)
(Loss) profit for the period									(1,307)	269

### 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 2020 US\$'000 (Unaudited)	31 December 2019 US\$'000 (Audited)	30 June 2020 US\$'000 (Unaudited)	31 December 2019 US\$'000 (Audited)	30 June 2020 US\$'000 (Unaudited)	31 December 2019 US\$'000 (Audited)	30 June 2020 US\$'000 (Unaudited)	31 December 2019 US\$'000 (Audited)	30 June 2020 US\$'000 (Unaudited)	31 December 2019 US\$'000 (Audited)
Segment assets	34,443	35,037	14,620	15,919	11,721	12,215	51	112	60,835	63,283
Unallocated corporate assets									479	1,487
Total assets									61,314	64,770

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 5 REVENUE

### Disaggregation of revenue from contracts with customers

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

	Marine transportation		Property holding and investment		Investment holding		Merchandise trading		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
<b>Types of goods and services:</b>										
Marine transportation	3,138	4,629	-	-	-	-	-	-	3,138	4,629
Merchandise trading	-	-	-	-	-	-	323	1,792	323	1,792
<b>Revenue from contracts with customers</b>	<b>3,138</b>	<b>4,629</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323</b>	<b>1,792</b>	<b>3,461</b>	<b>6,421</b>
Leases	399	707	110	-	-	-	-	-	509	707
Interest income from debt instruments at FVTOCI	-	-	-	-	390	332	-	-	390	332
<b>Total revenue</b>	<b>3,537</b>	<b>5,336</b>	<b>110</b>	<b>-</b>	<b>390</b>	<b>332</b>	<b>323</b>	<b>1,792</b>	<b>4,360</b>	<b>7,460</b>

## 6 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
(Decrease) increase in fair value of an investment property	(1,141)	590
Net decrease in fair value of financial assets at fair value through profit or loss ("FVTPL")	(738)	(41)
Realised loss on disposal of financial assets at FVTPL	-	(5)
Realised loss on disposal of debt instruments at FVTOCI	-	(3)
Net foreign exchange gain (loss)	1	(166)
	<b>(1,878)</b>	<b>375</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 7 INCOME TAX EXPENSES

There is no assessable profit arising in Hong Kong for the period ended 30 June 2020. No tax is payable on the profit for the period ended 30 June 2019 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.

## 8 (LOSS) PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
Interest income from banks	(4)	(13)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	166	209
– Contributions to retirement benefits scheme	4	5
Total employee benefits expenses	170	214
Cost of inventories recognised as expenses	319	1,775
Marine crew expenses	828	866
Depreciation of property, plant and equipment	753	509
Depreciation of right-of-use asset	62	–

## 9 DIVIDEND

No dividend was paid, declared or proposed during the interim period (six months ended 30 June 2019: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 10 (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
<b>(Loss) earnings</b>		
(Loss) profit for the period attributable to owners of the Company	(1,307)	269

  

	Six months ended 30 June	
	2020 '000 (Unaudited)	2019 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period	548,852	548,852

For the periods ended 30 June 2020 and 2019, no diluted (loss) earnings per share is presented as there were no dilutive potential ordinary shares outstanding during both periods.

## 11 PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2020, addition of property, plant and equipment amounted to US\$530,000 (six months ended 30 June 2019: US\$10,898,000).

## 12 RIGHT-OF-USE ASSET

During the period ended 30 June 2020, the Group entered into a new lease agreement with lease term of three years. On lease commencement, the Group recognised right-of-use asset of US\$384,000 (31 December 2019: nil) and lease liabilities of US\$384,000 (31 December 2019: nil).

## 13 INVESTMENT PROPERTY

The fair value of the Group's investment property at 30 June 2020 and 31 December 2019 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.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 14 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>At 30 June 2020 US\$'000 (Unaudited)</b>	At 31 December 2019 US\$'000 (Audited)
Listed debt securities ( <i>note</i> )	<b>10,151</b>	9,978

*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.

## 15 TRADE RECEIVABLES

The credit period for customers of time charter are 30 days (31 December 2019: 30 days). The Group normally allows credit period for customers of merchandise trading ranging from 0 day to 60 days (31 December 2019: 0 day 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:

	<b>At 30 June 2020 US\$'000 (Unaudited)</b>	At 31 December 2019 US\$'000 (Audited)
0 to 90 days	<b>45</b>	165

## 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>At 30 June 2020 US\$'000 (Unaudited)</b>	At 31 December 2019 US\$'000 (Audited)
Held for trading, at fair value: Equity securities listed in Hong Kong ( <i>note</i> )	<b>1,123</b>	1,861

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 17 BORROWINGS

	<b>At 30 June 2020 US\$'000 (Unaudited)</b>	At 31 December 2019 US\$'000 (Audited)
Secured loans	<b>17,509</b>	19,143
The carrying amounts of the loans are repayable*:		
On demand	<b>2,821</b>	2,821
Within one year	<b>3,268</b>	3,268
More than one year, but not exceeding two years	<b>3,268</b>	3,268
More than two years, but not exceeding five years	<b>8,152</b>	9,786
Total	<b>17,509</b>	19,143
Less: amounts due within one year shown under current liabilities	<b>(6,089)</b>	(6,089)
Amounts shown under non-current liabilities	<b>11,420</b>	13,054
Effective interest rate (%) per annum	<b>1.83 – 5.79</b>	2.02 – 6.49

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

The Group's borrowings were denominated in United States dollars and Hong Kong dollars which were also the functional currencies of the respective entities of the Group.

At 30 June 2020, the loans were carrying interest at London Interbank Offered Rate or Hong Kong Interbank Offered Rate plus certain basis points. The outstanding loans at 30 June 2020 were repayable within one to four years (31 December 2019: repayable within one to five years).

The borrowings at 30 June 2020 and 31 December 2019 were secured by the followings:

- (i) corporate guarantee from the Company;
- (ii) first preferred mortgage over the vessels held by Zorina Navigation Corp., Heroic Marine Corp. and Polyworld Marine Corp., named MV Zorina, MV Heroic and MV Polyworld respectively;
- (iii) assignment of insurance proceeds in respect of vessels MV Zorina, MV Heroic and MV Polyworld;
- (iv) first mortgage over the investment property held by the Group; and
- (v) pledge of certain debt instruments at FVTOCI held by the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 18 SHARE CAPITAL

	Number of shares '000	Amount US\$'000
Authorised:		
<b>At 1 January 2019, 31 December 2019 and 30 June 2020 (US\$0.06 per share)</b>	<b>3,000,000</b>	<b>180,000</b>
Issued and fully paid:		
<b>At 1 January 2019, 31 December 2019 and 30 June 2020 (US\$0.06 per share)</b>	<b>548,852</b>	<b>32,931</b>

All issued ordinary shares have a par value of US\$0.06 each (31 December 2019: US\$0.06 each), carry one vote per share and carry the rights to dividends as and when declared by the Company.

## 19 PLEDGE OF ASSETS

At 30 June 2020, three vessels with an aggregate carrying amount of US\$33,486,000 (31 December 2019: US\$33,709,000) (including dry-docking), an investment property with carrying amount of US\$9,321,000 (31 December 2019: US\$10,462,000) and debt instruments at FVTOCI with carrying amount of US\$8,190,000 (31 December 2019: US\$7,918,000) were pledged to banks and other financial institution as security for the loan facilities granted to the Group.

## 20 CAPITAL COMMITMENT

	At 30 June 2020 US\$'000 (Unaudited)	At 31 December 2019 US\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>38</b>	–

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 21 RELATED PARTY DISCLOSURES

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

- (a) During the period ended 30 June 2020, the Group had the following transactions with related parties that were not members of the Group:

Related parties	Nature of transactions	Six months ended 30 June	
		2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
Poly Investment & Finance Limited ("PIF") (note)	Lease expenses	69	46
U Credit (HK) Limited ("U Credit") (note)	Interest expenses	-	63

Note: At 30 June 2020 and 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 2020, the remuneration of the Group's key management personnel comprising directors and senior management was as follows:

	Six months ended 30 June	
	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
Short-term benefits	121	184
Post-employment benefits	2	4
	<b>123</b>	<b>188</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 22 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 2020 US\$'000 (Unaudited)	Fair value at 31 December 2019 US\$'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
<b>Debt instruments at FVTOCI</b>						
Listed debt securities	10,151	9,978	Level 1	Quoted prices in active markets	N/A	N/A
<b>Financial assets of FVTPL</b>						
Listed equity securities	1,123	1,861	Level 1	Quoted 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 their fair values.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 23 EVENTS AFTER THE REPORTING PERIOD

### (a) COVID-19 pandemic

The outbreak of COVID-19 that is affecting many nations, the global and local investment markets and the international trade flow has potential adverse impact on the Group's operations. The directors of the Company considered it is difficult to predict the evolution and duration of the pandemic and that at the reporting date, the extent of its impact to the Group cannot be reliably quantified or estimated. The management will continue to closely monitor the situation and will take all necessary and appropriate measures to reduce the impact of the pandemic to the Group.

### (b) Proposed capital reorganisation and open offer

On 24 July 2020, the Board proposed a reorganisation of the capital of the Company by way of (i) capital reduction; (ii) share premium account reduction; and (iii) share subdivision (the "Capital Reorganisation"). Upon the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$71.35 million (equivalent to approximately US\$9,147,000) before expenses by way of the open offer of 548,851,784 offer shares at the subscription price of HK\$0.13 per offer share on the basis of one offer share for every one share of the Company held on the record date which is payable in full on application (the "Open Offer"). Further details of the proposed Capital Reorganisation and Open Offer were set out in the announcement of the Company dated 24 July 2020.

## 24 APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 have been approved and authorised for issue by the Board on 25 August 2020.

## Other Information

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

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

At 30 June 2020, 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 have been granted under the Share Option Scheme since its adoption.

Further details of the Share Option Scheme were set out in the 2019 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 2020 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 2020, 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	157,995,066 (Note)	28.79%
Brilliant Epic Asia Limited ("Brilliant Epic")	Interest of controlled corporation	157,995,066 (Note)	28.79%
Success United Development Limited ("Success United")	Beneficial owner	157,995,066 (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 157,995,066 shares of the Company held by Success United under the SFO.

The interests of Mr. Suen, Brilliant Epic and Success United in 157,995,066 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 2020 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 2020.

### 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, 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 2020.



## Other Information

### AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 June 2020 have not been audited, but have been reviewed by the Audit Committee of the Company 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 2020, 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 2020