



## **COURAGE MARINE GROUP LIMITED**

**(勇利航業集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

(Hong Kong Stock Code: 1145)

**(Singapore Stock Code: E91.SI)**

### **DISPOSAL OF VESSEL – MV ZORINA**

On 3 October 2011, the Seller, a subsidiary of the Company, entered into the MOA with MDGC in relation to the disposal of a vessel, MV Zorina, for a total cash consideration of US\$5,247,440.80.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, MDGC and its ultimate beneficial owner(s) are third parties independent of the Company and none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the disposal of MV Zorina.

The Seller, a subsidiary of the Company, is a company incorporated in Panama with limited liability and is principally engaged in provision of marine transportation services.

#### **MOA**

**Date:** 3 October 2011

**Parties:** (1) Vendor : The Seller

(2) Purchaser : MDGC

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, MDGC and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company and none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the disposal of MV Zorina.

**Asset to be disposed:**

Pursuant to the MOA, MDGC has agreed to acquire and the Seller has agreed to sell MV Zorina, which is a handymax vessel with carrying capacity of approximately 48,000 dwt and beneficially owned by the Seller.

**Consideration:**

The total cash consideration for the Disposal is US\$5,247,440.80 and shall be payable by MDGC to the Seller in the following manner:

- (1) a deposit of 20% of the Consideration shall be lodged in bank account provided by the Seller within 24 hours after signing of the MOA; and
- (2) the balance of the Consideration shall be paid to the Seller within 24 hours after the notice of readiness has been tendered by the Seller and accepted by MDGC.

The Consideration was arrived at after arm's length negotiations between MDGC and the Seller with reference to market intelligence the Company has gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of build in the market. The Directors consider the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

**Delivery and Completion**

MV Zorina is to be delivered between 8 October 2011 and 25 October 2011, with cancelling date of 25 October 2011 in MDGC's option.

Completion takes place within 24 hours after receipt of the balance of Consideration by the Seller, whereupon the Seller shall procure physical delivery of MV Zorina and documents relating to the Disposal to MDGC. The Directors currently expect that the Completion and delivery of MV Zorina will take place on or about 10 October 2011.

Upon the Completion, the Group will not hold any interests in MV Zorina.

**INFORMATION ON MDGC**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, MDGC is a company incorporated in British Virgin Islands with limited liability and is principally engaged in the business of scrapyard.

**INFORMATION ON MV ZORINA**

MV Zorina is a handymax vessel with carrying capacity of approximately 48,000 dwt. Its flag State is Panama and was inspected and classified by Bureau Veritas for purpose of safety classification society. It was acquired by the Group in 2008 at purchase cost of approximately US\$16,000,000. MV Zorina is subject to a mortgage as security for the Group's vessel financing in October 2008. The financing has been fully repaid in September 2011 and as at the date of this announcement, the discharge of the said mortgage is being arranged.

According to the unaudited management accounts of the Seller, the unaudited net asset value of MV Zorina as at 30 June 2011 was approximately US\$9,070,000.

According to the audited accounts of the Group for the year ended 31 December 2010, the net loss (both before and after taxation and extraordinary items) attributable to MV Zorina was approximately US\$449,000.

According to the audited accounts of the Group for the year ended 31 December 2009, the net loss (both before and after taxation and extraordinary items) attributable to MV Zorina was approximately US\$1,850,000.

## **INFORMATION ON THE GROUP**

The principal activity of the Company is that of an investment holding company and the principal activities of the Group are provision of marine transportation services, property holding, investment holding and provision of administration services.

## **REASONS FOR THE DISPOSAL**

The Disposal is for demolition and this provides a good opportunity for the Group to generate cash which is intended to be used for general working capital and for funding any future acquisition of further vessel when suitable opportunity arises.

The Directors believe that the terms of the MOA are entered into upon normal commercial terms following arm's length negotiations between the parties and the terms of the MOA are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

The sale proceeds of the Disposal is US\$5,247,440.80. The net proceeds of the Disposal of approximately US\$5,060,000 after deducting the related expenses paid by the Company in a sum of approximately US\$187,440 will be used for general working capital of the Group and if the right opportunity shall arise in future, such proceeds can also be used for acquisition of further vessel.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Subject to audit, it is estimated that the Group will record a loss on the Disposal of approximately US\$3,270,000 for the year ending 31 December 2011, which will be reflected in the consolidated profit and loss account of the Group for the year ending 31 December 2011. The loss on the Disposal is calculated by the net proceeds of approximately US\$5,060,000 arising from the Disposal less the net asset value of MV Zorina of approximately US\$8,330,000 as at 30 September 2011.

Apart from the loss on the Disposal to be reflected in the consolidated profit and loss account of the Group for the year ending 31 December 2011, it is estimated that the Disposal would not have a material negative impact on the Group's financial position/performance.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

<b>“Company”</b>	Courage Marine Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange and on SGX-ST
<b>“Completion”</b>	completion of the sale and purchase of MV Zorina in accordance with the MOA
<b>“Consideration”</b>	a total cash consideration of US\$5,247,440.80 payable by MDGC to the Seller
<b>“Directors”</b>	the directors of the Company
<b>“Disposal”</b>	the disposal by the Seller of MV Zorina subject to and upon the terms and conditions of the MOA
<b>“dwt”</b>	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship’s carrying capacity, including bunker oil, fresh water, crew and provisions
<b>“Group”</b>	the Company and its subsidiaries
<b>“handymax”</b>	dry bulk vessels with size ranging from approximately 40,000 to 59,999 dwt
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the Peoples Republic of China
<b>“MDI”</b>	Maritime Delivery Inc., a company incorporated in British Virgin Islands
<b>“MDGC”</b>	Milliford DG Corporation, a company incorporated in British Virgin Islands
<b>“MOA”</b>	a memorandum of agreement dated 3 October 2011 and entered into between MDGC as buyer and the Seller as seller
<b>“MV Zorina”</b>	MV Zorina, which is a handymax vessel with carrying capacity of approximately 48,000 dwt and beneficially owned by the Seller
<b>“Seller”</b>	Zorina Navigation Corp., a company incorporated in Panama with limited liability, an indirect wholly-owned subsidiary of the Company and the vendor under the MOA
<b>“SGX-ST”</b>	Singapore Exchange Securities Trading Limited
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“US\$”</b>	United States dollars, the lawful currency of the United States of

“%”

America

per cent

By order of the Board  
**Courage Marine Group Limited**  
Hsu Chih-Chien  
*Chairman*

Singapore, 3 October 2011

*As at the date of this announcement, the managing Director is Mr. Wu Chao-Huan , executive Director is Mr. Chen Shin-Yung, the Chairman and non-executive Director is Mr. Hsu Chih-Chien, the non-executive Directors are Mr. Sun Hsien-Long and Mr. Chang Shun-Chi, the independent non-executive Directors are Mr. Lui Chun Kin, Gary, Mr. Sin Boon Ann and Mr. Chu Wen Yuan.*