

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION
ACQUISITION OF VESSEL

On 14 November 2011, Zorina, an indirect wholly-owned subsidiary of the Company, entered into the Zorina MOA with the Seller in relation to the acquisition of the Zorina Vessel for a total cash consideration of US\$26,600,000 (equivalent to approximately HK\$207,480,000).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company and save and except Mr. Chang Shun-Chi, a non-executive Director, who acts as broker for the Seller and will receive commission from the Seller in the Acquisition, none of the Directors or controlling Shareholders has any interest, direct or indirect, in the Acquisition. Mr. Chang Shun-Chi has abstained from voting on the board resolutions relating to the Acquisition.

Zorina, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Panama with limited liability and is principally engaged in provision of marine transportation services.

As the Group entered into Heroic MOA with the Seller in relation to the Heroic Acquisition on 24 October 2011, the Acquisition will, pursuant to Rule 14.22 of the Listing Rules, be aggregated with the Heroic Acquisition and treated as if they were one transaction for the purpose of Chapter 14 of the Listing Rules. As the relevant percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition and the Heroic Acquisition (on an aggregated basis) is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules.

China Harvest, China Lion, Pronto, Unit Century, Sea-Sea Marine and Pilot Assets, which together hold an aggregate of 663,110,318 Shares, representing approximately 62.63% of the issued share capital of the Company as of the date of this announcement are regarded as a closely allied group of the Shareholders. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition, it is the intention of the Company to satisfy, the shareholders' approval requirement under Rule 14.40 of the Listing Rules by means of written shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of holding of a general meeting of the Company to approve the Acquisition.

A circular in relation to the Acquisition will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 5 December 2011.

MOA

Date: 14 November 2011

Parties: (1) Vendor : Zhejiang Zengzhou Ship Building Co., Ltd., the Seller
(2) Purchaser : Zorina

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company and save and except Mr. Chang Shun-Chi, a non-executive Director, who acts as broker for the Seller and will receive commission from the Seller in the Acquisition, none of the Directors or controlling Shareholders has any interest, direct or indirect, in the Acquisition. Mr. Chang Shun-Chi has abstained from voting on the board resolutions relating to the Acquisition.

Asset to be acquired:

Pursuant to the Zorina MOA, Zorina has agreed to acquire and the Seller has agreed to sell the Zorina Vessel, which is a supermax newbuilding vessel with carrying capacity of approximately 57,000 dwt. It is currently expected that the Vessel will be registered under the laws and flag of Panama and will be operated by the Group upon its delivery.

Consideration:

The total cash consideration for the Acquisition is US\$26,600,000 (equivalent to approximately HK\$207,480,000) and shall be payable by Zorina to the Seller in the following manner:

- (1) a deposit of US\$5,320,000, being the first instalment, shall be paid by Zorina to the Seller within 3 banking days after receiving refund bank guarantee from the Seller and signing of the MOA;
- (2) US\$5,320,000, being the second instalment, shall be paid by Zorina to the Seller on delivery of the Vessel, but not later than 3 banking days after the Zorina Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of the Zorina MOA and the notice of readiness has been given by the Seller; and
- (3) US\$15,960,000, being the balance of Consideration, shall be paid by Zorina to the Seller by 10 March 2012.

In exchange for payment of the total sum of US\$10,640,000.00, being the 1st and 2nd instalments of the Consideration, closing of the sale and purchase of Zorina Vessel shall take place. In respect of the deferred payment set out in item (3) above, after taking delivery of the Zorina Vessel and upon the Seller's request, Zorina shall agree to the Seller to attach the 1st preferred mortgage to the Zorina Vessel up to the amount of US\$15,960,000, subject to the terms and conditions to be mutually agreed between Zorina and the Seller. The Sellers shall provide a letter to Zorina to undertake to discharge the 1st preferred mortgage at the time of receiving US\$15,960,000 pursuant to the Zorina MOA.

Also, at the time of delivery, the Company shall provide a corporate guarantee to the Seller for the unpaid balance of Consideration.

It is intended that up to 60% of the Consideration will be funded by bank borrowings and the balance of the Consideration will be funded by internal resources of the Group.

The Consideration was arrived at after arm's length negotiations between Zorina 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 newbuilding vessels of comparable size and year of delivery in the market and after arm's length negotiation between the parties. However, as is commonly the case in the dry bulk carrier market, there have not been any recently published sales by third party vendors of newbuilding vessels of the exact design, size and year of scheduled delivery of Zorina Vessel from which to make a direct comparison. Also, no third party valuation has been performed on the Zorina Vessel. The Directors consider the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

Refund Guarantee

According to the Zorina MOA, the refundable deposit of US\$5,320,000, being the first instalment, shall be secured by a refund bank guarantee issued by a first-class bank in PRC. The contents of such refund bank guarantee and the issuing bank is subject to Zorina's acceptance prior to issuing it to Zorina. The refund bank guarantee shall be received by Zorina before payment of US\$5,320,000.

The Seller currently intends to provide a bank guarantee to be issued by China Everbright Bank, Ningbo Branch to Zorina to guarantee the liabilities of the Seller under the Zorina MOA for an amount not exceeding in total of US\$5,320,000 as a result of the Seller's breach of its obligations under Zorina MOA. The refund bank guarantee shall expire on 20 January 2012 or when the Vessel is delivered to Zorina or refundment made by China Everbright Bank in accordance with the refund bank guarantee, whichever is earlier.

Condition

The MOA is subject to approval of the board of Directors and Shareholders.

Delivery and Completion

The Directors currently expect that, subject to any extension that may be agreed between the parties under the Zorina MOA, the delivery of the Vessel will take place during December 2011.

INFORMATION ON THE SELLER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller is a company established under the laws of PRC with limited liability and is principally engaged in construction and sale of shipping vessels.

REASON FOR THE ACQUISITION

The Company considers that the current market situation is suitable for the Company to renew the Company's fleet by acquiring newbuilding vessels in place of the older vessels in the fleet.

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

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.

LISTING RULES IMPLICATION

As the Group entered into Heroic MOA with the Seller in relation to the Heroic Acquisition on 24 October 2011, the Acquisition will, pursuant to Rule 14.22 of the Listing Rules, be aggregated with the Heroic Acquisition and treated as if they were one transaction for the purpose of Chapter 14 of the Listing Rules. As the relevant percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition and the Heroic Acquisition (on an aggregated basis) is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Acquisition and China Harvest, China Lion, Pronto, Unit Century, Sea-Sea Marine and Pilot Assets, who together hold an aggregate of 663,110,318 Shares, representing approximately 62.63% of the issued share capital of the Company as of the date of this announcement, are regarded as a closely allied group of the Shareholders, it is the Company's intention to satisfy the shareholders' approval requirement under Rule 14.40 of the Listing Rules by means of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of the holding of a general meeting of the Company to approve the Acquisition.

The respective names and shareholdings in the Company as at the date of this announcement of the abovementioned Shareholders are as follows:

Name of Shareholders	Number of Shares	Approximate Percentage of Shareholding
China Harvest	142,081,611	13.42%
China Lion	142,081,611	13.42%
Pronto	135,451,611	12.79%
Unit Century	94,676,874	8.94%
Sea-Sea Marine	142,081,611	13.42%
Pilot Assets	6,737,000	0.64%
Total:	663,110,318	62.63%

China Harvest, China Lion, Pronto, Unit Century, Sea-Sea Marine and Pilot Assets are regarded as closely allied group of the Shareholders because:

1. China Harvest is wholly-owned by Mr. Chen. China Lion is owned as to 60% by Mr. WCH. Pronto is wholly-owned by Mr. Chiu. Unit Century is owned as to 52% by Mr. WCP. Sea-Sea Marine is wholly-owned by Besco Holdings Limited which in turn is wholly-owned by HSBC International Trustee Limited in its capacity as trustee of a discretionary trust, The Lowndes Foundation, with Mr. Hsu as settlor. Each of China Harvest, China Lion, Pronto, Unit Century and Sea-Sea Marine holds approximately 21.43%, 21.43%, 21.43%, 14.28% and 21.43% respectively of Pilot Assets.

2. Each of Mr. Chen, Mr. WCH, Mr. Chiu, Mr. WCP and Mr. Hsu are among the founders of the Group, which was set up in 2001. Except for Mr. WCP who has retired as head of operation in 2008, they have worked very closely and continually with regards to the Group. Mr. WCP is the brother of Mr. WCH. Before his retirement as head of operation development in 2008, Mr. WCP was responsible for overseeing the overall vessel scheduling of the fleet. Mr. WCP remains as a director of various subsidiaries of the Company.
3. Mr. Hsu is the chairman of the Group. Mr. WCH is the managing Director and executive Director. Mr. Chen is an executive Director. Mr. Chiu is a managing director of Courage Maritime Technical Services Corp., a wholly-owned subsidiary of the Group.
4. Each of Sea-Sea Marine, China Lion, China Harvest, Pronto, Unit Century, Pilot Assets, Mr. Hsu, Mr. WCH, Mr. Chen, Mr. Chiu and Mr. WCP are regarded as controlling Shareholders within the meaning ascribed thereto under the Listing Rules and would together be regarded as “acting in concert” for the purpose of Hong Kong Code on Takeovers and Mergers.
5. In respect of the voting pattern of the closely allied group of the Shareholders, although not all of the Shareholders of the closely allied group had casted their votes on all the Shareholders’ resolutions (due to the fact that sufficient affirmative votes had been secured on all the relevant Shareholders’ resolutions), the relevant Shareholders of the closely allied group, who voted on the Shareholders’ resolutions other than at an annual general meeting, had voted in an affirmative way on all the resolutions to be voted on.

A separate announcement will be made as soon as possible after the written approval of the abovementioned Shareholders in respect of the Acquisition shall be obtained.

A circular in relation to the Acquisition will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 5 December 2011.

DEFINITIONS

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

“Acquisition”	the acquisition of the Zorina Vessel by Zorina subject to and upon the terms and conditions of the Zorina MOA
“banking days”	days on which banks are open both in the country of the currency stipulated for the Consideration in the MOA, namely, United States of America, and in the place of closing stipulated in the MOA, namely, PRC

“BVI”	the British Virgin Islands
“China Harvest”	China Harvest Enterprises Limited, a company incorporated in BVI with limited liability and is wholly-owned by Mr. Chen
“China Lion”	China Lion International Limited, a company incorporated in BVI with limited liability and is owned as to 60% by Mr. WCH and 40% by Wang Ho, the spouse of Mr. WCH
“Company”	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
“Completion”	completion of the sale and purchase of the Zorina Vessel in accordance with the Zorina MOA
“Consideration”	a total cash consideration of US\$26,600,000 (equivalent to approximately HK\$207,480,000) payable by Zorina to the Seller
“Directors”	the directors of the Company
“dwt”	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
“Group”	the Company and its subsidiaries
“Heroic Acquisition”	the acquisition of the Heroic Vessel by Heroic Marine subject to and upon the terms and conditions of the Heroic MOA
“Heroic Marine”	Heroic Marine Corp., a company incorporated in Panama with limited liability, an indirect wholly-owned subsidiary of the Company and the purchaser under the Heroic MOA
“Heroic MOA”	a memorandum of agreement with addendum numbers 1 and 2 thereto, all dated 24 October 2011 and entered into between Heroic Marine as buyer and the Seller as seller
“Heroic Vessel”	a supermax newbuilding vessel of approximately 57,000 dwt to be acquired by Heroic Marine under Heroic MOA
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Shin-Yung
“Mr. Chiu”	Mr. Chiu Chi-Shun
“Mr. Hsu”	Mr. Hsu Chih-Chien
“Mr. WCH”	Mr. Wu Chao-Huan
“Mr. WCP”	Mr. Wu Chao-Ping
“Pilot Assets”	Pilot Assets Group Limited, a company incorporated in BVI with limited liability and is owned as to 21.43%, 21.43%, 21.43%, 14.28% and 21.43% respectively by China Harvest, China Lion, Pronto, Unit Century and Sea-Sea Marine
“PRC”	the People’s Republic of China
“Pronto”	Pronto Star Limited, a company incorporated in BVI with limited liability and is wholly-owned by Mr. Chiu
“Sea-Sea Marine”	Sea-Sea Marine Company Limited, a company incorporated in BVI with limited liability and is wholly-owned by Besco Holdings Limited which in turn is wholly-owned by HSBC International Trustee Limited in its capacity as trustee of a discretionary trust, The Lowndes Foundation, with Mr. Hsu as settlor
“Seller”	Zhejiang Zengzhou Ship Building Co., Ltd., a company established under the laws of PRC
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shares”	ordinary share(s) of US\$0.018 each in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“supermax”	dry bulk vessels with gear and with size ranging from approximately 50,000 to 60,000 dwt

“Unit Century”	Unit Century Enterprises Limited, a company incorporated in BVI with limited liability and is owned as to 52% by Mr. WCP and as to 24% by each of Wu Cheng-Hua and Wu Cheng-Tsu
“Zorina”	Zorina Navigation Corp., a company incorporated in Panama with limited liability, an indirect wholly-owned subsidiary of the Company and the purchaser under the Zorina MOA
“Zorina MOA”	a memorandum of agreement with addendum numbers 1, 2 and 3 thereto, all dated 14 November 2011 and entered into between Zorina as buyer and the Seller as seller
“Zorina Vessel”	a supermax newbuilding vessel of approximately 57,000 dwt to be acquired by Zorina under Zorina MOA
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	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

Hong Kong, 14 November 2011

For the purpose of this announcement, unless otherwise specified, conversion of United States dollars into Hong Kong dollars are based on the approximate exchange rates of US\$1.00 to HK\$7.80. The exchange rate is for illustration purpose only and do not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

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.