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## **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)**

### **PROPOSED DIVERSIFICATION INTO THE PROPOSED PROPERTY INVESTMENT BUSINESS**

The Board wishes to announce that the Company intends to seek the approval of Shareholders for the Group's proposed diversification into the Proposed Property Investment Business at a special general meeting to be convened on a date to be further announced.

A circular containing details relating to the proposed diversification into the Proposed Property Investment Business and the notice of the special general meeting will be despatched to Shareholders in due course.

### **THE PROPOSED DIVERSIFICATION INTO THE PROPOSED PROPERTY INVESTMENT BUSINESS**

The Board wishes to announce that the Group intends to explore opportunities for acquiring equity or other interests in or otherwise investing in real estate or property development projects as part of its plans to diversify into the Proposed Property Investment Business.

The Group intends to acquire or invest in Proposed Property Investments based on, *inter alia*, the following guidelines and policies:

- (i) The Group will focus on residential, commercial, warehousing or mixed-use projects in the Prescribed Territories.
- (ii) The Group will mainly focus on new developments or projects.

\* *for identification purposes only*

- (iii) Monetary limits shall be imposed on each Proposed Property Investment and the aggregate of all the Proposed Property Investments (including all Follow-on Investments, where applicable) in terms of aggregate contributions or investments made or to be made by the Group.
- (iv) The Group will typically look at acquiring a minority shareholding or equity interest or stake not exceeding 50% of the total shareholding or equity of the development or project.
- (v) The Group will undertake the Proposed Property Investments in joint venture with other parties, and will seek to tie-up the joint venture partners located or operating in the Prescribed Territories.
- (vi) The Group will mainly focus on the Proposed Property Investments which are contemplated to provide an exit or return on investment or capital, either through completion and launch of units for sale, trade sale or other divestment modes, of between 3 to 5 years.

For the avoidance of doubt, the above guidelines and policies shall not apply to the Group's office premises in Hong Kong and the Group's investment property in Shanghai.

## **SHAREHOLDERS APPROVAL FOR THE PROPOSED PROPERTY INVESTMENTS**

### **(i) SGX-ST Listing Manual and HK Listing Rules Implications**

Under the SGX-ST Listing Manual, if an acquisition or disposal of assets is other than in the ordinary course of business of the Company and the Group and is one where the relative figures computed on the bases as set out under Rule 1006 of the SGX-ST Listing Manual exceeds 5% but does not exceed 20%, such transaction is a discloseable transaction, requiring an immediate announcement of the transaction to be made, and if an acquisition or disposal of assets is one where the relative figures computed on the bases as set out under Rule 1006 of the SGX-ST Listing Manual exceeds 20%, such transaction is a major transaction, requiring Shareholders' approval of the Company to be obtained for the transaction

Under the HK Listing Rules, a transaction including an acquisition or disposal of assets or the entering into of a joint venture agreement or the provision of indemnity, guarantee, or financial assistance by the Company may be subject to notification, publication and Shareholders' approval requirements depending on the applicable percentage ratios as applied in that transaction.

As a result of the foregoing requirements, if any member of the Group intends to enter into any Proposed Property Investment which exceeds the relevant thresholds under the SGX-ST Listing Manual or the HK Listing Rules, the relevant Proposed Property Investment shall be conditional upon Shareholders' approval being obtained. This may lead to delays or restrictions or otherwise reduce the Group's ability to execute or implement the Proposed Property Investment in a timely, efficient and cost-effective manner due to procedural requirements in seeking such Shareholders' approval.

## **(ii) Shareholders' approval**

By approving the proposed diversification into the Proposed Property Investment Business, Shareholders would be granting a pre-approval, general mandate and authority to the Directors to pursue, enter into, execute and implement one or more Proposed Property Investments without having to seek the specific or further approval of Shareholders for such Proposed Property Investments, whether at a general meeting or by written resolution or otherwise, notwithstanding that the relative figures computed on any one or more of the bases as set out under Rule 1006 of the SGX-ST Listing Manual in respect of such Proposed Property Investment may otherwise exceed 20%.

It is not possible to obtain such pre-approval and general mandate for a transaction requiring shareholders' approval under the HK Listing Rules. However, as the threshold for a transaction requiring Shareholders' approval under the SGX-ST Listing Manual is lower than the threshold under the HK Listing Rules, such pre-approval and general mandate so obtained would mean that for a transaction attaining the threshold requiring Shareholders' approval under the SGX-ST Listing Manual but not yet attaining the threshold requiring Shareholders' approval under the HK Listing Rules, Shareholders' approval can be dispensed with under the SGX-ST Listing Manual.

## **REASONS OF THE PROPOSED DIVERSIFICATION**

Presently, the Group principally engages in the business of providing vessel chartering services to charterers. However, the dry bulk market, in which the Group is engaged, is under intense pressure as the retreating weight of the PRC as the driver of that market is extensively felt. In the light of the weak dry bulk market, the Board is of the view that the Group needs to adopt a diversification approach in its long-term growth strategy, to diversify its income case to reduce its dependence on freight income, with a view to sustaining and enhancing Shareholders' value and returns.

As the Group transports goods such as sand, cement and gravel which are raw materials typically used by the building and construction industry, the Group has built up a network of customer or contacts in the market which it operates in who are active players in such industry or markets. As a result, the Group is often approached with offers or opportunities for investments or joint ventures in real estate or property developments or projects by such parties.

The Directors are of the view that despite some uncertainty over Singapore's general economic conditions and direction of the property market in the short term, over the mid to long-term, the growth and continued prospects in the Singapore residential property market, both the luxury high-end sector and mass-market sector, should remain upbeat, due to the continued demand for housing from residents as well as Singapore's position as an attractive real estate market for investment in Asia for both local and international investors.

Similarly, the Directors are of the view that the demand for housing by urban residents is increasing and individual and corporate investment in property is encouraged in the PRC (including for this purpose, Hong Kong and Macau).

As property development and investment is not currently part of the core competencies and expertise of the management of the Group, the Group intends to limit its financial exposure in its Proposed Property Investments by, *inter alia*, limiting the size of each Proposed Property Investment and having an overall maximum limit or cap on all Proposed Property Investments to be made under the current pre-approval or general mandate for the Proposed Property Investments to be sought from Shareholders in connection with Shareholders' approval of the proposed diversification into the Proposed Property Investments.

In view of the foregoing considerations, the Directors are of the view that the proposed diversification into the Proposed Property Investment Business represents an opportunity for the Group to establish a new and profitable business segment for the Group, while at the same time having certain safeguards or measures to limit the scope of the Group's financial exposure or involvement in the operations and management of such business.

## **SPECIAL GENERAL MEETING AND DESPATCH OF CIRCULAR**

A special general meeting will be convened on a date to be further announced by the Company, where the Company will be seeking the approval of Shareholders for, *inter alia*, the proposed diversification into the Proposed Property Investment Business.

A circular to the Shareholders, setting out details of, *inter alia*, the Proposed Diversification will be despatched to the Shareholders in due course in accordance with the HK Listing Rules and the SGX-ST Listing Manual.

## **DEFINITIONS**

“Board”	the board of Directors;
“Company”	Courage Marine Group Limited 勇利航業集團有限公司 (Company Registration No. 36692), a company incorporated in Bermuda with limited liability the issued Shares of which are listed on the Main Board of the SEHK and the SGX-ST;
“Directors”	the directors of the Company;
“Follow-on Investments”	in relation to any Proposed Property Investment, any further aggregate capital contributions or investments made or to be made by the Group, whether contributions by way of share capital, shareholders' loans or advances, other quasi-equity instruments such as convertible bonds or notes, granting of corporate guarantees or other financial accommodation after the completion of the initial or first round of capital contribution or investment made by the Group;
“Group”	the Company and its subsidiaries;

“HK Listing Rules”	the Rules Governing the Listing of Securities on the SEHK;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Macau”	the Macau Special Administrative Region of the PRC;
“Prescribed Territories”	Singapore and the PRC (including for this purpose Hong Kong and Macau);
“Proposed Property Investment Business”	the business of acquiring, investing, disposing, divesting or otherwise dealing or engaging in the Proposed Property Investments from time to time and any and all other activities which are related or ancillary or incidental to any of the foregoing;
“Proposed Property Investments” or “Proposed Property Investment”	the shareholding, equity or other interests in real estate or property developments or projects made or to be made by the Group from time to time based on the guidelines and policies to be set out;
“SGX-ST Listing Manual”	Listing Manual of the SGX-ST;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Shareholders”	persons registered as holders of Shares; and
“Shares”	ordinary shares with a par value of US\$0.018 each in the share capital of the Company.

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

Singapore and Hong Kong, 25 June 2013

*As at the date of this announcement, the managing Director is Mr. Wu Chao-Huan, 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.*