



# **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)**

### **FINANCING ARRANGEMENT**

The Board wishes to announce that Sea Pioneer, a wholly-owned subsidiary of the Company had entered into the Financing Arrangement with Grand Capital on 12 February 2014 (after trading hours) and 17 February 2014 (after trading hours), pursuant to which Sea Pioneer shall obtain financing in the total amount of US\$10,000,000.

The Financing Arrangement shall be carried out through Sea Pioneer agreeing to sell the Subject Vessel to Grand Capital at a consideration equivalent to the Financing Amount. Simultaneously, Sea Pioneer shall repurchase the Subject Vessel from Grand Capital at a consideration equivalent to the Financing Amount on a deferred payment basis with interest.

To the best of the Directors' knowledge, information and belief, Grand Capital 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 Financing Arrangement.

As the Financing Arrangement involves the disposal and acquisition of a vessel in connection with the ordinary course of business of the Group being vessel chartering, the Financing Arrangement is not a transaction that falls under the scope of Chapter 10 of the Listing Manual of the Singapore Exchange Securities and Trading Limited ("SGX-ST"), and this announcement is made, inter alia, in compliance with HK Listing Rules requirements as further set out below and under the general disclosure obligations of the Company under the SGX-ST Listing Rules.

The transactions under the Financing Arrangement constitute discloseable transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the HK Listing Rules.

\* *for identification purposes only*

## **THE FINANCING ARRANGEMENT**

On 12 February 2014 (after trading hours) and 17 February 2014 (after trading hours), Sea Pioneer (a wholly-owned subsidiary of the Company) and Grand Capital had entered into the Financing Arrangement, pursuant to which Grand Capital had agreed to grant to Sea Pioneer financing in the sum of the Financing Amount.

The details of the Financing Arrangement are summarised as follows:

### **THE MOA**

Date: 12 February 2014 (after trading hours)

Parties: (1) Seller: Sea Pioneer  
(2) Buyer: Grand Capital

Pursuant to the Financing Arrangement, Sea Pioneer will first sell and Grand Capital will purchase the Subject Vessel at a consideration equivalent to the Financing Amount under the MOA.

### **THE INSTALMENT SALE AGREEMENT**

Date: 17 February 2014 (after trading hours)

Parties: (1) Seller: Grand Capital  
(2) Buyer: Sea Pioneer

By the Instalment Sale Agreement, Grand Capital shall sell and Sea Pioneer shall repurchase the Subject Vessel at the Purchase Price equivalent to the Financing Amount on a deferred payment basis over 16 consecutive quarterly instalments commencing from the Registration Date. The interest is calculated at an annual interest rate which is the aggregate of 3.8% per annum and LIBOR of 3 months or such rate as Sea Pioneer and Grand Capital may mutually agree.

The Financing Amount is based on a percentage of the aggregate market values of the Vessels as agreed between Sea Pioneer and Grand Capital. The Financing Amount and the interest rate have been agreed after arm's length negotiations between the parties with reference to prevailing market practice.

Simultaneously with the transfer of title of the Subject Vessel from Sea Pioneer to Grand Capital under the MOA, Grand Capital and Sea Pioneer shall execute the protocol of delivery and acceptance, whereby Grand Capital shall transfer the title of the Subject Vessel back to Sea Pioneer.

## **SECURITY DOCUMENTS**

As a condition of the Instalment Sale Agreement, the Group has provided the following security to Grand Capital for the performance of Sea Pioneer's obligations under the Instalment Sale Agreement:

1. The Mortgages                      A first preferred Panamanian ship mortgage was made by each of the Owners, in favour of Grand Capital, as mortgagee, whereby each of the Owners has agreed to mortgage and charge to and in favour of Grand Capital, all its rights, title and interest in the Subject Vessel and the Collateral Vessel respectively.
  
2. The Guarantees                     The Company and the Collateral Guarantor have each executed a deed of guarantee in favour of Grand Capital whereby the Company and the Collateral Guarantor each guarantees to Grand Capital the performance of Sea Pioneer's obligations under and in connection with any of the Sale Documents.
  
3. The General Assignments            The relevant Owner of the Subject Vessel and the Collateral Vessel, and the Account Holder have executed a deed of general assignment whereby the relevant Owner has agreed to (i) assign to Grand Capital all of its rights, title and interest to and in, and all the benefits of any charter, the insurance, requisition compensation, charterhire and earnings of the Vessel owned by it, and (ii) charge by way of first fixed charge to Grand Capital all its present and future rights, title and interest to and in all moneys (including interest) standing to the credit of a specified earnings account.

Reference is made to the announcement made by the Company dated 20 December 2013 in respect of the acquisition of the Collateral Vessel by the Collateral Guarantor at a cash consideration of US\$8,600,000. The said consideration has been funded completely by internal resources of the Group.

## **REASONS FOR THE FINANCING ARRANGEMENT**

The Directors are of the view that the Financing Arrangement would enhance the working capital position of the Group by using the existing vessels of the Group as collateral, and would allow the Group to optimize its assets and debt structure through increasing the percentage of long-term loan. There will not be any gain or loss accrued to the Company pursuant to the sale of the Subject Vessel under the MOA because of the repurchase of the Subject Vessel under the Instalment Sale Agreement at the same price.

The Board considers that the Financing Arrangement is on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



|                         |   |
|-------------------------|---|
| “Board”                 | the board of Directors of the Company;  |
| “Capesize”              | dry bulk vessels size range as 100,000 dwt or larger;   |
| “Collateral Guarantor”  | Courage Marine Co. Ltd., a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company;  |
| “Collateral Vessel”     | MV Courage (former name MV Hsin Ho), registered in the name of the Collateral Guarantor under the laws and flag of the Republic of Panama;  |
| “Company”               | Courage Marine Group Limited;   |
| “Delivery Date”         | the date in which the Subject Vessel shall be delivered by Sea Pioneer to Grand Capital under the MOA which shall not be later than 31 March 2014;  |
| “Director(s)”           | the director(s) of the Company;   |
| “dwt”                   | an acronym for deadweight tonnage;  |
| “Financing Amount”      | US\$10,000,000;   |
| “Financing Arrangement” | the financing arrangement to be implemented by the MOA, Instalment Sale Agreement and Security Documents;   |
| “General Assignments”   | collectively, a deed of general assignment dated 17 February 2014 provided by Sea Pioneer and the Account Holder in favour of Grand Capital and a deed of general assignment dated 17 February 2014 provided by the Collateral Guarantor and the Account Holder in favour of Grand Capital;   |
| “Grand Capital”         | Grand Capital International Limited, a company incorporated under the laws of the British Virgin Islands;   |
| “Group”                 | the Company and its subsidiaries;   |
| “Guarantees”            | collectively, the guarantee dated 17 February 2014 provided by the Collateral Guarantor in favour of Grand Capital and the guarantee dated 17 February 2014 provided by the Parent Guarantor in favour of Grand Capital as security for all moneys and liabilities due and owing by Sea Pioneer to Grand Capital under or in connection with any of the Sale Documents; |

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| “Heroic Marine”             | Heroic Marine Corp., a corporation incorporated under the laws of the Republic of Panama and a wholly-owned subsidiary of the Company;  |
| “HK Listing Rules”          | The Rules Governing the Listing of Securities on the SEHK;  |
| “HK\$”                      | Hong Kong dollars, the lawful currency of Hong Kong;  |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the People’s Republic of China;  |
| “Instalment Sale Agreement” | the instalment sale agreement dated 17 February 2014 in respect of the Subject Vessel made between Grand Capital as seller and Sea Pioneer as buyer;  |
| “LIBOR”                     | (i) the London Interbank Offered Rate in the applicable interest period on the interest rate of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or (ii) (if the above rate is not available in US\$) the rate, as supplied to Grand Capital at its request by Bank SinoPac or any other bank or financial institution appointed as such by Grand Capital in consultation with Sea Pioneer, at the date at which the bank or financial institution could borrow funds in the London interbank market in US\$ and for the relevant interest period; |
| “MOA”                       | the memorandum of agreement dated 12 February 2014 between Sea Pioneer as seller, and Grand Capital as buyer, in respect of the Subject Vessel;   |
| “Mortgages”                 | collectively, a first preferred Panamanian ship mortgage of the Subject Vessel dated 17 February 2014 provided by Sea Pioneer in favour of Grand Capital and a first preferred Panamanian ship mortgage of the Collateral Vessel dated 13 February 2014 provided by the Collateral Guarantor in favour of Grand Capital as security for the Secured Amount;   |
| “Outstanding Balance”       | on any relevant date, the Purchase Price less the aggregate of all instalments paid by Sea Pioneer to Grand Capital;  |
| “Owner”                     | in relation to the Subject Vessel, Sea Pioneer, in relation to the Collateral Vessel, the Collateral Guarantor and “Owners” shall mean both of them;  |
| “Parent Guarantor”          | the Company;  |

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| “Purchase Price”     | US\$10,000,000, which is equivalent to the Financing Amount and which shall be the price of repurchasing the Subject Vessel payable by Sea Pioneer to Grand Capital under the Instalment Sale Agreement;   |
| “Registration Date”  | the date, falling on or before 2 months from the Delivery Date, on which the Vessels and the Mortgages have been permanently registered at the Directorate General of the Panama Maritime Authority’s Public Registry of Titles and Encumbrances of Vessels of the Republic of Panama; |
| “Sale Documents”     | collectively, the Instalment Sale Agreement and the Security Documents;  |
| “Sea Pioneer”        | Sea Pioneer Marine Corp., a corporation incorporated under the laws of the Republic of Panama and a wholly owned subsidiary of the Company;  |
| “Secured Amount”     | the liability due by Sea Pioneer to Grand Capital under the Instalment Sale Agreement to the extent of US\$12,000,000;   |
| “Security Documents” | the Mortgages, the Guarantees and the General Assignments;   |
| “SEHK”               | The Stock Exchange of Hong Kong Limited;   |
| “Subject Vessel”     | MV Cape Pioneer (former name MV Dong-A Saturn), registered in the name of Sea Pioneer under the laws and flag of the Republic of Panama;   |
| “US\$”               | US dollars, the lawful currency of the United States of America;   |
| “Vessels”            | the Subject Vessel and the Collateral Vessel; and  |
| “%”                  | per cent.  |

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

Singapore, 17 February 2014

*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.*