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: ATL.SI)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board of Directors (the "**Board**" or "**Directors**") of Courage Marine Group Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2016 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**1,839**	2,950
Cost of sales		**(3,012)**	(6,038)
Gross loss		**(1,173)**	(3,088)
Other income		**46**	205
Other gains and losses	*5*	**(249)**	(1,399)
Administrative expenses		**(1,384)**	(1,145)
Other expenses	*6*	**(81)**	(11,094)
Finance costs		**(421)**	(592)
Loss before tax		**(3,262)**	(17,113)
Income tax credit	*7*	**–**	41
Loss for the period	*8*	**(3,262)**	(17,072)

	Note	Six months ended 30 June 2016 US$'000 (Unaudited)	2015 US$'000 (Unaudited)
Other comprehensive (expense) income:			
Items that will not be reclassified subsequently to profit and loss:			
(Deficit) surplus on revaluation of leasehold land and building		**(164)**	325
Deferred tax credit (charge) arising on revaluation of leasehold land and building		**24**	(43)
		(140)	282
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**222**	–
		82	282
Total other comprehensive expense for the period		**(3,180)**	(16,790)
Loss for the period attributable to:			
Owners of the Company		**(3,062)**	(17,072)
Non-controlling interests		**(200)**	–
		(3,262)	(17,072)
Total comprehensive expense attributable to:			
Owners of the Company		**(3,047)**	(16,790)
Non-controlling interests		**(133)**	–
		(3,180)	(16,790)
Loss per share attributable to owners of the Company (US cents)	*10*		
Basic and diluted		**(2.41)**	(16.12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**As at 30 June 2016 US$'000 (Unaudited)**	As at 31 December 2015 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**26,748**	32,886
Intangible assets		**1,047**	–
Investment property	*12*	**6,777**	–
Interest in a joint venture		**5,330**	5,330
Long-term receivables and deposits	*14*	**–**	1,816
Available-for-sale investment		**79**	79
Total non-current assets		**39,981**	40,111
Current assets			
Inventories		**41**	–
Trade receivables	*15*	**179**	–
Other receivables and prepayments	*14*	**5,350**	4,142
Amount due from a joint venture		**669**	669
Held-for-trading investments		**1,086**	–
Restricted bank deposits		**2,438**	3,697
Cash and cash equivalents		**2,145**	10,407
		11,908	18,915
Assets classified as held for sale	*13*	**2,498**	–
Total current assets		**14,406**	18,915
Total assets		**54,387**	59,026

	Notes	As at 30 June 2016 US$'000 (Unaudited)	As at 31 December 2015 US$'000 (Audited)
Current liabilities			
Amounts due to related parties	*18*	**252**	–
Deposits received, other payables and accruals		**1,548**	1,633
Borrowings – due within one year	*16*	**2,766**	2,691
Total current liabilities		**4,566**	4,324
Capital and reserves			
Share capital		**22,871**	22,871
Share premium		**34,872**	34,872
Property revaluation reserve		**2,336**	2,125
Other reserve		**1,531**	1,531
Exchange reserve		**155**	–
Accumulated losses		**(31,934)**	(28,872)
Equity attributable to owners of the Company		**29,831**	32,527
Non-controlling interests		**536**	–
Total equity		**30,367**	32,527
Non-current liabilities			
Deferred taxation		**1**	376
Borrowings – due more than one year	*16*	**19,453**	21,799
Total non-current liabilities		**19,454**	22,175
Total liabilities and equity		**54,387**	59,026
Net current assets		**9,840**	14,591
Total assets less current liabilities		**49,821**	54,702

Notes:

1. **Basis of preparation**

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**SEHK**") and Singapore Exchange Securities Trading Limited Listing Manual.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, investment property and leasehold land and building, which are measured at revalued amounts or fair values. The condensed consolidated financial statements are presented in United States dollars ("**US$**"), which is the functional currency of the Company, and all values are rounded to the nearest thousand (US$'000) as indicated.

2. **Principal accounting policies**

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("**IFRSs**") that are effective for the Group's accounting period beginning on 1 January 2016:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiatives
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle

The application of the new and revised IFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. **Revenue**

	Six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Marine transportation service income	**1,650**	2,950
Logistic service and merchandise trading income	**73**	–
Interest income from held-for-trading investments	**79**	–
Dividend income	**37**	–
	1,839	2,950

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 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. During the six months ended 30 June 2016, the Group commenced the business of provision of logistic services and merchandise trading.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

1. Marine transportation services
2. Provision of logistic services and merchandise trading
3. Property holding and investment
4. Investment holding

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Marine transportation services Six months ended 30 June		**Provision of logistic services and merchandise trading Six months ended 30 June**		**Property holding and investment Six months ended 30 June**		**Investment holding Six months ended 30 June**		**Total Six months ended 30 June**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue	**1,650**	2,950	**73**	–	**–**	–	**116**	–	**1,839**	2,950
Segment results	**(1,865)**	(13,840)	**(359)**	–	**–**	–	**(81)**	70	**(2,305)**	(13,770)
Unallocated:										
Unallocated corporate income									**9**	193
Unallocated corporate expense									**(545)**	(2,944)
Finance costs									**(421)**	(592)
Loss before tax									**(3,262)**	(17,113)

The following is an analysis of the Group's assets by reportable and operating segments:

	Marine transportation services		**Provision of logistic services and merchandise trading**		**Property holding and investment**		**Investment holding**		**Total**	
	As at 30 June 2016	As at 31 December 2015	**As at 30 June 2016**	As at 31 December 2015	**As at 30 June 2016**	As at 31 December 2015	**As at 30 June 2016**	As at 31 December 2015	**As at 30 June 2016**	As at 31 December 2015
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment assets	**25,765**	26,203	**2,394**	–	**9,275**	1,816	**1,086**	–	**38,520**	28,019
Unallocated corporate assets									**15,867**	31,007
Total assets									**54,387**	59,026

5. Other gains and losses

	Six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment *(Note 11)*	**–**	(1,478)
Change in fair value of held-for-trading investments	**(228)**	70
Net foreign exchange (loss) gain	**(21)**	9
	(249)	(1,399)

6. Other expenses

	Six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Impairment loss on property, plant and equipment *(Note 11)*	**–**	(9,409)
Impairment loss on deposits paid	**–**	(1,685)
Acquisition costs in relation to the acquisition of subsidiaries	**(81)**	–
	(81)	(11,094)

7. Income tax credit

	Six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Enterprise Income Tax of the People's Republic of China (the "**PRC**")	**–**	2
Deferred tax:		
Current period	**–**	(43)
	–	(41)

Enterprise Income Tax of the PRC is calculated at 25% of the assessable profit of a representative office in Shanghai, PRC for the six months ended 30 June 2015. There was no assessable profit in the current period.

In the opinion of the Directors, there is no taxation arising in other jurisdictions.

8. Loss for the period

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

	Six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest income	**(88)**	(61)
Imputed interest income on long-term receivable	**–**	(123)
Directors' remuneration (including directors' fee)	**150**	88
Employee benefits expense (including directors' remuneration):		
– Salaries and other benefits	**384**	516
– Contributions to retirement benefits scheme	**7**	16
Total employee benefits expenses	**391**	532
Marine crew expenses	**53**	1,251
Depreciation of property, plant and equipment	**563**	1,201
Amortisation of intangible assets	**60**	–

9. Dividend

No dividends were paid, declared or proposed during the interim period. The Directors have determined that no dividend will be paid in respect of the interim period.

10. Loss per share

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

	Six months ended 30 June	
	2016	2015
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company	**(3,062)**	(17,072)

	Six months ended 30 June	
	2016	2015
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period	**127,059**	105,883

For the period ended 30 June 2016 and 2015, diluted loss per share is the same as basic loss per share as there were no potential ordinary shares outstanding during the both periods.

11. Property, plant and equipment

During the six months ended 30 June 2016, addition of property, plant and equipment amounted to US$98,000 (six months ended 30 June 2015: US$75,000).

On 30 June 2016, a deficit on revaluation of the Group's leasehold land and building of US$164,000 was recognised and such leasehold land and building amounted to US$6,777,000 was transferred to investment property as a result of the end of owner-occupation.

During the six months ended 30 June 2015, the Group disposed a vessel with a carrying amount of US$7,682,000, resulting in a loss on disposal of US$1,478,000 recognised in other gains and losses in profit or loss. The net proceed received from disposal of this vessel is US$6,204,000. The Group did not dispose any vessel during the six months ended 30 June 2016.

During the six months ended 30 June 2015, an impairment loss of US$9,409,000 had been recognised in respect of the Group's vessels in profit or loss during the period in light of decrease in revenue, utilisation rate and market value of the vessels and value of scrap materials of the vessels. The recoverable amount of the vessels had been determined on the basis of their value in use. The discount rate in measuring the amounts of value in use was 9.07%. As at 30 June 2016, the recoverable amount of the vessels has been determined on the basis of their fair value less cost to sell. No impairment loss has been recognised during the six months ended 30 June 2016.

12. Investment property

The Group's investment property was valued by JP Assets Consultancy Limited, which is a qualified professional valuer not connected to the Group. The directors of JP Assets Consultancy Limited who carried out the valuation are registered professional surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties. The valuation was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions.

On 30 June 2016, the Group's investment property amounted to US$6,777,000 was transferred from property, plant and equipment as a result of the end of owner-occupation.

13. Assets classified as held for sale

The Group has completed the acquisition of certain investment properties of US$2,498,000 (six-months ended 30 June 2015: nil) during the six months ended 30 June 2016, in relation to which the amount of US$1,816,000 was originally recorded as long-term deposits at 31 December 2015. During the current interim period, the Group intends to dispose these investment properties and the Group is currently in negotiation with some potential buyers. The Directors consider that the acquisition costs of these investment properties approximate to their fair value less cost to sell at the end of the reporting period.

14. Other receivables and prepayments/long-term receivables and deposits

Details of other receivables and prepayments/long-term receivables and deposits are as follows:

	30 June 2016 *US$'000* **(Unaudited)**	31 December 2015 *US$'000* (Audited)
Interest-free loan to Santarli Realty *(Note i)*	**3,812**	3,812
Other receivables	**54**	38
Prepayments	**45**	255
Deposits for acquisition of investment properties	**–**	1,816
Other deposits *(Note ii)*	**1,439**	37
	5,350	5,958
Less: Non-current portion	**–**	(1,816)
Amounts due within one year shown under current assets	**5,350**	4,142

Notes:

(i) On 14 September 2012, Courage Marine Overseas Ltd. ("**CM Overseas**"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Santarli Corp, an independent third party, to purchase from Santarli Corp 100,000 shares in Santarli Realty Pte Ltd. ("**Santarli Realty**") (which constitutes 10% of the issued share capital of Santarli Realty) at a cash consideration of S$100,000 and shareholder's loans of not exceeding the principal amount of S$5,400,000 (collectively referred to as the "**Consideration**"). Santarli Realty is a subsidiary of Santarli Corp and is engaged in property development business in Singapore. As at 30 June 2016 and 31 December 2015, CM Overseas had advanced an interest-free loan amounting to S$5,500,000 (31 December 2015: S$5,500,000) to Santarli Corp and this interest-free loan was used to offset the Consideration. On 14 September 2012, Santarli Holdings Pte Ltd., the holding company of Santarli Corp had executed a guarantee in favour of CM Overseas of all the liabilities due by Santarli Corp to CM Overseas.

The acquisition was approved by the independent shareholders of the Company in the special general meeting held on 16 July 2013 and was completed on that day accordingly.

Concurrent with the completion of the acquisition by CM Overseas of a 10% shareholding interest in Santarli Realty from Santarli Corp on 16 July 2013 (following approval of the same by the independent shareholders), CM Overseas acquired from Santarli Corp, an interest-free shareholders' loan of S$5,400,000 granted by Santarli Corp to Santarli Realty, where the Consideration for both acquisitions was satisfied by offsetting against an interest-free loan of S$5,500,000 previously advanced by CM Overseas to Santarli Corp.

The interest free loan to Santarli Realty is expected to be repaid within twelve months from the end of the reporting period, and the balance is classified as other receivables and prepayments accordingly.

(ii) At 30 June 2016, deposits totalling US$1,439,000 (31 December 2015: nil) were paid for the purchase of inventories in relation to the Group's provision of logistic services and merchandise trading business.

15. Trade receivables

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks (31 December 2015: 2 weeks) after the receipt of invoices while other customers are requested to prepay the charter-hire income in full before discharging for voyage charter. Customers of time charter are requested to prepay the charter-hire income for time charter. An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	30 June 2016	31 December 2015
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 – 30 days	**179**	–

16. Borrowings

During the current interim period, the bank loans carry interest at London Interbank Offered Rate plus certain basis points and are repayable over a period ranging from 3-9 years (31 December 2015: 3-9 years).

The borrowings as at 30 June 2016 and 31 December 2015 are secured by the followings:

(i) corporate guarantee from the Company on the outstanding loan balance;

(ii) first preferred mortgage over the vessels held by Zorina Navigation Corp. and Heroic Marine Corp. named “ZORINA”, “HEROIC” respectively; and

(iii) assignment of insurance proceeds in respect of ZORINA and HEROIC.

The proceeds arising from the loans were used to finance the acquisition of vessels included in property, plant and equipment.

As at 30 June 2016, the Group failed to maintain the financial covenant in relation to the security coverage ratio as stipulated in the borrowing agreements. The security coverage ratio is equal to the total of the market value of the vessel and the market value of any additional security over the outstanding loan balance. According to the relevant terms of the borrowing agreements, the Group is required to either provide restricted cash deposit or prepay certain portion of the outstanding loan balance amounting to US$2,423,000 (31 December 2015: US$3,697,000) to maintain the security coverage ratio at the required level. As at 30 June 2016, the Group had set aside restricted cash deposits of US$2,423,000 and the classification of the borrowings were disclosed in accordance with the repayment schedules as stipulated in the borrowing agreements.

17. Pledge of assets

At the end of the reporting period, the Group pledged the following assets to banks to secure against the loan facilities granted to the Group:

	30 June 2016	31 December 2015
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**25,567**	25,949

18. Related party balances

As at 30 June 2016, the Group had amounts of US$252,000 (31 December 2015: nil) due to certain directors of a subsidiary. The amounts are non-trade in nature, interest-free, unsecured and repayable on demand.

19. Contingent liabilities

As at 30 June 2016, the Company provided corporate guarantee to subsidiaries to obtain loan facilities amounting to US$39,680,000 from certain financial institutions and US$22,144,000 (31 December 2015: US$24,490,000) of such loan facilities was utilised by the subsidiaries.

20. Acquisition of subsidiaries

On 31 March 2016, the Group entered into an agreement pursuant to which Peak Prospect Global Limited, a wholly subsidiary of the Company agreed to acquire 70% interest in Hope View International Limited (now known as Poly EZbuy Limited) (the "**Target Company**") and its subsidiaries (collectively referred to as the "**Target Group**"), at a cash consideration of HK$6,800,000 (equivalent to approximately to US$877,000). The Target Group is principally engaged in the provision of logistics, custom clearance and auxiliary services and import and export of goods. Immediately after the completion of the acquisition, the Target Company became a subsidiary of the Company.

The Directors consider that the acquisition can horizontally expand the transportation business of the Group.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

BUSINESS REVIEW

Revenue

The Group's total revenue decreased by 38% from US$2,950,000 in the first half of 2015 ("**1H15**") to US$1,839,000 in the first half of 2016 ("**1H16**"), of which revenue from vessel chartering decreased to US$1,650,000, reflecting the low demand in dry bulk market continued throughout 1H16. The Baltic Dry Index ("**BDI**") also remained low and was hovering at the 300 to 600 level during most of 1H16. As announced by the Company on 31 March 2016, the Group's had acquired certain subsidiaries ("**Newly Acquired Subsidiaries**") which are principally engaged in the provision of logistics, custom clearance and auxiliary services as well as import and export of goods. The Group's Newly Acquired Subsidiaries generated logistic services and merchandise trading income of US$73,000 during 1H16. The Group had also invested in listed securities and equity-linked notes during 1H16 and earned dividend and interest income totalling US$116,000.

Profitability

The Group's cost of sales decreased by 50% from US$6,038,000 in 1H15 to US$3,012,000 in 1H16 which was mainly due to less cost consumed with less vessels being operated. The Group's vessel chartering business recorded a gross loss of approximately US$1,359,000 in 1H16 compared to a gross loss of approximately US$3,088,000 in 1H15, whereas the Group's Newly Acquired Subsidiaries contributed a gross profit of approximately US$70,000.

Other income

Other income comprised interest income from placing deposits with banks and certificates of deposit, sundry income, and other one-off income. The Group recorded other income of US$46,000 in 1H16, a decrease of 78% compared to 1H15 that was mainly due to less interest income from bank deposits was earned during 1H16.

Other gains and losses

Other gains and losses comprised change in fair value of held-for-trading investments, loss on disposal of fixed assets and exchange gain and loss. The Group recorded other losses of US$249,000 in 1H16 mainly due to the downward change in fair value of held-for-trading investments. The Group recorded other losses of US$1,399,000 in 1H15 mainly due to the disposal loss of MV Cape Pioneer.

Administrative expenses

Administrative expenses increased by 21% from US$1,145,000 in 1H15 to US$1,384,000 in 1H16 as the Group had incurred additional administrative expenses in relation to the Newly Acquired Subsidiaries during the period.

Other expenses

The Group recorded other expenses of US$81,000 in 1H16 which represented legal and professional expenses incurred in relation to the acquisition of the Newly Acquired Subsidiaries. In 1H15 the Group conducted a review of the Group's vessels and other receivables and determined that a number of those assets were impaired. The Group recorded other expenses of US$11,094,000 in 1H15 as there were impairment loss on deposits paid for a coal trading contract and impairment loss in respect of the Group's vessels in light of the decrease in revenue, utilisation rate and market value of the vessels and value of scrap materials. The recoverable amount of the vessels had been determined on the basis of their value in use.

Finance costs

The Group recorded finance costs of US$421,000 in 1H16 compared to US$592,000 in 1H15, decreased by 29% that was mainly due to less bank borrowings during the period.

Income tax credit

The Group's subsidiaries had no income tax charge or tax credit for 1H16. In 1H15, an income tax credit of US$41,000 was recorded.

Other comprehensive income

The Group recorded a deficit on revaluation of leasehold land and building of US$164,000 in 1H16 compared to a surplus of US$325,000 in 1H15.

The Group recorded a deferred tax credit on revaluation of leasehold land and building of US$24,000 in 1H16 compared to a deferred tax charge of US$43,000 in 1H15.

Segment Results

During 1H16, The Group's vessel chartering business generated revenue of US$1,650,000 and continued to incur operating loss of US$1,865,000 as demand in dry bulk market remained low. The Group newly acquired logistic services and merchandise trading business generated revenue of US$73,000 and recorded operating loss of US$359,000 primarily due to business development expenses incurred. The Group's property holding and investment business had not recorded any revenue for the period as the investment property is yet to be rent out. The Group's investment holding business recorded revenue of US$116,000 representing interest and dividend income and incurred operating loss of US$81,000 mainly due to the downward change in market value of listed securities at the period end.

Net loss

Overall, the Group recorded a lower net loss of US$3,262,000 in 1H16 compared to US$17,072,000 in 1H15 mainly due to the absence of disposal loss of MV Cape Pioneer and the impairment loss in respect of deposits paid for a coal trading contract and of the Group's vessels totalling US$11,094,000.

Balance Sheet

As at 30 June 2016, the Group had intangible assets of US$1,047,000 which represented the carrying value of the integrated trading platform of the Newly Acquired Subsidiaries.

The Group had an investment property with carrying value of US$6,777,000 as at 30 June 2016 which represented the value of an office property reclassified from the Group's leasehold land and building. The office property is owned by the Group and was previously the Group's principal place of business in Hong Kong. It is now intended that the office property will be rent out for rental income and is therefore classified as an investment property accordingly.

As at 30 June 2016, included in other receivables and prepayments are deposits of US$1,439,000 paid for the purchase of merchandise, being daily consumer goods, to be traded by the Newly Acquired Subsidiaries.

The Group had held-for-trading investments of US$1,086,000 as at 30 June 2016 which represented the investment in shares of a blue-chip international bank listed on the SEHK.

The Group had assets held for sale of US$2,498,000 as at 30 June 2016 which represented the acquisition costs of three residential apartments of a property development in Singapore. The Group intends to sell these properties for gains.

As at 30 June 2016, there were non-controlling interests of US$536,000 which represented the interests of minority shareholders in the Newly Acquired Subsidiaries.

FINANCIAL REVIEW

Gearing ratios

The Group's gearing ratio (being calculated as the Group's total liabilities divided by the Group's total equity) as at 30 June 2016 and 31 December 2015 were approximately 79% and 82% respectively. The decrease of the Group's gearing ratio was mainly due to the lower outstanding balance of bank borrowings at the current period end.

	As at 30 June 2016 *US$'000*	As at 31 December 2015 *US$'000*
Amounts due to related parties	**252**	–
Deposits received, other payables and accruals	**1,548**	1,633
Borrowings – due within one year	**2,766**	2,691
Borrowings – due more than one year	**19,453**	21,799
Deferred tax liabilities	**1**	376
Total liabilities	**24,020**	26,499
Total equity	**30,367**	32,527
Gearing ratio	**79%**	82%

Bank borrowings

	As at 30 June 2016 *US$'000*	As at 31 December 2015 *US$'000*
The following is an analysis of the Group's bank borrowings and maturity profile:		
Unsecured bank overdraft	**75**	–
Secured bank loans	**22,144**	24,490
	22,219	24,490
Carrying amount repayable:		
Within one year	**2,766**	2,691
More than one year, but not exceeding two years	**2,691**	2,691
More than two years, but not exceeding five years	**8,072**	13,176
More than five years	**8,690**	5,932
	22,219	24,490

The Group's bank borrowing are all denominated in United States dollars and bear floating interest rates.

Use of proceeds from shares placement

On 8 December 2015, the Company completed a placement of 21,176,000 ordinary shares of the Company under general mandate to certain independent third parties at an issue price of HK$4 each (the "**Placing**"), details of which were set out in the announcement of the Company dated 17 November 2015. The net proceeds from the Placing amounted to approximately HK$82,200,000 (equivalent to approximately US$10,530,000), up to 30 June 2016, approximately US$6,331,000 had been utilised as general working capital of the Group (comprising US$1,314,000 for making short term investments in listed equity securities; US$2,271,000 for repayment of bank borrowings; US$682,000 for completion of acquisition of three residential apartments classified as assets held for sale; US$1,439,000 as deposits for purchase of merchandise and US$625,000 for administrative expenses) and approximately US$877,000 had been applied as consideration for the acquisition of the Newly Acquired Subsidiaries.

PROSPECTS

The dry bulk market remains difficult during the 1H16. The BDI, which has a close correlation to freight rates, was hovering at the 300 to 600 level during the 1H16. Low demand of commodities in the Greater China Region, coupled with over-supply of vessels had led to additional pressure on freight rates in dry bulk market.

The tonnage of Group's fleet is approximately 114,000 dwt. Owing to challenging operating environment of vessel chartering business, the Group will continue to explore various options for reducing costs and increasing revenue of the business.

Although the Newly Acquired Subsidiaries which the Group acquired recently are still in the developing stage, it is expected that through the said acquisition, the Group can horizontally expand its transportation business and create value to shareholders.

The Group will continue to explore other investment opportunities such as investments in equity-linked notes and listed equity securities which can contribute a new source of income to the Group.

The Group also intends to rent out its previous principal place of business in Hong Kong for rental income in order to broaden the Group's income base. In addition, the Group is planning to sell the three residential apartments in Singapore for gains.

Looking forward, the management will step up its effort in improving the financial performance of the Group's existing business and will continue to look for attractive investment/business opportunities that can broaden the Group's income base and bring substantial value to shareholders.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Hong Kong Listing Rules throughout the six months ended 30 June 2016 except for the following deviation with reason as explained:

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

During the six months ended 30 June 2016, there has been a deviation from the code provision since two of the independent non-executive directors of the Company, namely Mr. Foo Meng Kee (resigned on 16 May 2016) and Mr. Ngiam Zee Moey, are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's bye-laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those set out in the CG Code.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2016 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 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Courage Marine Group Limited
Sue Ka Lok
Chairman

Hong Kong, 12 August 2016

As at the date of this announcement, the Board comprises Mr. Sue Ka Lok (Chairman), Mr. Lai Ming Wai (Chief Executive Officer), Ms. Chan Yuk Yee and Mr. Zhou Jifeng as Executive Directors and Mr. Ngiam Zee Moey, Mr. Zhou Qijin and Mr. To Yan Ming, Edmond as Independent Non-executive Directors.

* *For identification purpose only*