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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF VESSEL – M/V COURAGE
AND CONTINUING CONNECTED TRANSACTIONS

On 13 June 2012, Courage Marine, an indirect wholly-owned subsidiary of the Company, entered into the MOA with CCRL in relation to the disposal of a vessel, MV Courage, for a total cash consideration of US\$4,339,879.20 (equivalent to approximately HK\$33,851,057.76).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CCRL and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

Courage Marine, an indirect wholly-owned subsidiary of the Company, is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in the provision of marine transportation services.

The Disposal constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

Reference is made to the announcement of the Company dated 16 April 2012 in respect of the Broker, a connected person of the Group under Rule 14A.11 of the Listing Rules, providing brokerage service to the Group ("**CCT Announcement**") and subsequent announcement of the Company relating to the disposal of M/V Cape Warrior dated 3 May 2012 ("**M/V Cape Warrior Disposal**"). The Broker has provided brokerage service to the Group in respect of the Disposal under the Brokerage Agreement. The aggregate of the commission to be received by the Broker for the Disposal and previous commissions received by the Broker and under M/V Cape Warrior Disposal shall exceed the Annual Cap and the Continuing Connected Transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

MOA

Date: 13 June 2012

Parties: (1) Vendor : Courage Marine

(2) Purchaser : CCRL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CCRL and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

Asset to be disposed:

Pursuant to the MOA, CCRL has agreed to acquire and Courage Marine has agreed to sell MV Courage which is a Panamax vessel with carrying capacity of approximately 67,000 dwt and beneficially owned by Courage Marine.

Consideration:

The total cash consideration for the Disposal is US\$4,339,879.20 (equivalent to approximately HK\$33,851,057.76) and shall be payable by CCRL to Courage Marine in the following manner:

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

The Consideration was arrived at after arm's length negotiations between CCRL and Courage Marine with reference to market intelligence the Company has gathered from 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 Courage is to be delivered between 13 June 2012 and 30 June 2012 and CCRL has an option to cancel the MOA if delivery of MV Courage shall not take place by 30 June 2012.

Completion takes place within 24 hours after receipt of the balance of Consideration by Courage Marine, whereupon Courage Marine shall procure physical delivery of MV Courage and documents relating to the Disposal to CCRL. The Directors currently expect that the Completion and delivery of MV Courage will take place on or about 18 June 2012.

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

INFORMATION ON CCRL

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

INFORMATION ON MV COURAGE

MV Courage is a Panamax vessel with carrying capacity of approximately 67,000 dwt. Its flag state is Panama and was inspected and classified by China Corporation Register of Shipping for purpose of safety classification society. It was acquired by the Group in 2003 at purchase cost of approximately US\$4,400,000.00 (equivalent to approximately HK\$34,320,000.00). MV Courage is free from all encumbrances, mortgages, taxes, maritime liens and debts whatsoever.

According to the unaudited management accounts of Courage Marine, the unaudited net asset value of MV Courage as at 31 March 2012 was approximately US\$6,020,000.00 (equivalent to approximately HK\$46,956,000.00).

According to the audited accounts of the Group for the year ended 31 December 2011, the net loss (both before and after taxation and extraordinary items) attributable to MV Courage was approximately US\$1,890,000.00 (equivalent to approximately HK\$14,742,000.00).

According to the audited accounts of the Group for the year ended 31 December 2010, the net profit (both before and after taxation and extraordinary items) attributable to MV Courage was approximately US\$2,500,000.00 (equivalent to approximately HK\$19,500,000.00).

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 vessels when suitable opportunities arise.

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\$4,339,879.20 (equivalent to approximately HK\$33,851,057.76). The net proceeds of the Disposal of approximately US\$4,231,382.22 (equivalent to approximately HK\$33,004,781.32), after deducting the related expenses paid by the Company in a sum of approximately US\$108,496.98 (equivalent to approximately HK\$846,276.44), will be used for general working capital of the Group and if the right opportunity arises in future, such proceeds can also be used for the acquisition of further vessels.

FINANCIAL EFFECTS OF THE DISPOSAL

Subject to audit, it is estimated that the Group will record a loss on the Disposal of approximately US\$1,788,617.78 (equivalent to approximately HK\$13,951,218.68) for the year ending 31 December 2012, which will be reflected in the consolidated profit and loss account of the Group for the year ending 31 December 2012. The loss on the Disposal is calculated by the net proceeds of approximately US\$4,231,382.22 (equivalent to approximately HK\$33,004,781.32) arising from the Disposal less the book value of MV Courage of approximately US\$6,020,000.00 as at 31 March 2012 (equivalent to approximately HK\$46,956,000.00).

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 2012, it is estimated that the Disposal would not have a material impact on the Group's financial position or performance.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the CCT Announcement of the Company dated 16 April 2012 in respect of the Broker, a connected person of the Group under Rule 14A.11 of the Listing Rules, providing brokerage service to the Group, and to the announcement of the Company dated 3 May 2012 in respect of M/V Cape Warrior Disposal.

The Broker has provided brokerage service to the Group in respect of the Disposal under the Brokerage Agreement. Since August 2011 to the date of this announcement, the vessels of the Group which were sold by the Group through the Broker's service and the commission paid and payable by the Group to the Broker are as set out below:

Vessel	Date of sale	Commission paid and payable
M/V Heroic	16 August 2011	US\$20,113.68
M/V Zorina	3 October 2011	US\$26,237.20
M/V Bravery	17 November 2011	US\$16,668.38
M/V Sea Pioneer	21 December 2011	US\$25,824.34
M/V Raffles	18 January 2012	US\$15,454.12
M/V Valour	5 April 2012	US\$25,355.65
M/V Cape Warrior	3 May 2012	US\$43,966.69
M/V Courage	13 June 2012	<u>US\$21,699.40</u>
		US\$195,319.46
		(equivalent to approximately HK\$1,523,491.79)

The aggregate of the commission to be received by the Broker for the Disposal and previous commissions received by the Broker (as disclosed in the CCT Announcement and under M/V Cape Warrior Disposal) shall exceed the Annual Cap.

The applicable percentage ratios of these transactions (aggregated together) are less than 5% but the aggregate consideration of these transactions exceeds HK\$1,000,000.00. As such, these transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules, and are exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

The Directors including the independent non-executive directors of the Company (except for Mr. Chang Shun-Chi, of whom the Broker is an associate within the meaning of Rule 14A.11(4) of the Listing Rules, who abstains from voting in respect of the approval of the current connected transaction) are satisfied that:

- (1) The Broker has the capabilities and experience to serve the Group;
- (2) The Continuing Connected Transactions (including the current connected transaction relating to the Disposal) have been entered into in the ordinary and usual course of the business of the Group and on normal commercial terms; and

- (3) The terms and conditions of the Continuing Connected Transactions are fair and reasonable and the entering of the current connected transaction relating to the Disposal is in the interest of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATION

The Disposal constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. As the Annual Cap shall be exceeded, the Company shall re-comply with Rules 14A.45 to 14A.47 of the Listing Rules.

DEFINITIONS

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

“Annual Cap”	HK\$1,500,000.00
“Broker”	Maxmart Shipping & Trading Corp., a company formed under the laws of Taiwan
“Brokerage Agreement”	a vessel brokerage agreement entered into between Courage Marine (Holdings) Co., Limited and the Broker on 16 April 2012
“CCRL”	Capital Crown Resources Limited, a company incorporated in the British Virgin Islands with limited liability and the purchaser under the MOA
“CCT Announcement”	the announcement of continuing connected transactions dated 16 April 2012 made by the Company in respect of the brokerage service provided to the Group by the Broker, a connected person of the Group within the meaning of Rule 14A.11 of the Listing Rules
“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 Singapore Exchange Securities Trading Limited
“Completion”	completion of the sale and purchase of MV Courage in accordance with the MOA

“Continuing Connected Transactions”	the continuing connected transactions in relation to the brokerage service rendered by the Broker under the Brokerage Agreement (including the current connected transaction relating to the Disposal)
“Consideration”	a total cash consideration of US\$4,339,879.20 (equivalent to approximately HK\$33,851,057.76) payable by CCRL to Courage Marine
“Courage Marine”	Courage Marine Co. Ltd., a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company and the vendor under the MOA
“Directors”	the directors of the Company
“Disposal”	the disposal by Courage Marine of MV Courage subject to and upon the terms and conditions of the MOA
“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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOA”	a memorandum of agreement dated 13 June 2012 entered into between CCRL as purchaser and Courage Marine as vendor
“M/V Cape Warrior Disposal”	the disposal of M/V Cape Warrior by the Company on 3 May 2012
“MV Courage”	M/V Courage, a Panamax vessel with carrying capacity of approximately 67,000 dwt and beneficially owned by Courage Marine
“Panamax”	dry bulk vessels size range as 60,000 to 99,999 dwt

“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 13 June 2012

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, 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.

* *For identification purposes only*