



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
INVESTMENT IN A JOINT VENTURE COMPANY
FOR PROPERTY DEVELOPMENT**

The Board announces that on 12 July 2012, CM Overseas entered into a MOU with Santarli Corp., Excel Precast and Mr. Chan Thiam Seng in respect of the formation of JV Company for the Project. CM Overseas will hold 10% equity interest in JV Company.

One or more of the applicable percentage ratios (as defined in the HK Listing Rules) in respect of the aggregate of the pro-rata capital commitment and guarantee obligation of the Group for the Project exceed 5% but are less than 25%.

Therefore, the entering into of the MOU constitutes a discloseable transaction under Chapter 14 of the HK Listing Rules.

The incorporation of CM Overseas, the entering into of the MOU and the transactions contemplated thereunder are subject to general disclosure requirement under Chapter 7 of the SGX-ST Listing Manual and the Proposed Investment constitute a discloseable transaction under Chapter 10 of the SGX-ST Listing Manual.

THE MOU

On 12 July 2012, CM Overseas entered into a MOU with Santarli Corp., Excel Precast and Mr. Chan Thiam Seng. The major terms of the MOU are set out below:

(1) Purpose

JV Company is to be formed by the JV Parties for the purpose of the Project.

(2) Equity holdings

Subject to the possible participation of Transview in JV Company as hereinafter mentioned, JV Parties shall respectively hold the following percentages of the total

equity interest of the JV Company (“Original Ratio”):

Santarli Corp.	70%
Excel Precast	10%
CM Overseas	10%
Mr. Chan Thiam Seng	10%

Mr. Chan Thiam Seng shall hold his equity interest in JV Company on trust for a legal entity which is in the process of being formed.

(3) Capital commitment and guarantee

As at the date of this announcement, the Project Cost is estimated to be S\$176,500,000 (approximately US\$139,435,000) inclusive of the acquisition cost of the Land in the sum of S\$114,800,000 (approximately US\$90,692,000):

The Project Cost shall be funded as to S\$55,000,000 (approximately US\$43,450,000) by way of JV Shareholders’ contribution and as to the remaining S\$121,500,000 (approximately US\$95,985,000) by way of bank loan to the JV Company.

The JV Shareholders’ contribution shall be made as to S\$1,000,000 (approximately US\$790,000) by way of subscription of JV Shares and as to the remaining S\$54,000,000 (approximately US\$42,660,000) by way of JV Shareholders’ Loan.

In respect of the said bank loan, Santarli Holdings and each of the First JV Directors shall provide a joint and several guarantee in favour of the relevant bank.

Each of the JV Shareholders shall provide its capital contribution on a pro-rata basis based on their respective equity holdings in the JV Company. In consideration of the provision of the bank loan guarantee mentioned above, the JV Shareholders (except for Santarli Corp.) shall provide a back-to-back guarantee in favour of Santarli Holdings and the First JV Directors on a several liability basis in proportion to their respective equity holdings in the JV Company.

In the case of CM Overseas, it will make a total capital contribution of S\$5,500,000 (approximately US\$4,345,000) to JV Company, as to S\$100,000 (approximately US\$79,000) of which by way of subscription of JV Shares and as to the remaining S\$5,400,000 (approximately US\$4,266,000) by way of JV Shareholder’s loan. It will further be liable under the said back-to-back guarantee up to 10% of the bank loan of S\$121,500,000 (approximately US\$95,985,000) and interest thereon as secured by the bank loan guarantee. The aggregate of the capital contribution and guarantee obligation of CM Overseas in connection with the Proposed Investment is accordingly S\$17,650,000 (approximately US\$13,943,500) exclusive of interest on the bank loan.

(4) Executive committee

An executive committee shall be formed by JV Company. The executive committee shall comprise of not less than 10 committee members, and each Minority JV Shareholder is entitled to nominate one member onto the executive committee. The members of the executive committee can review and provide input on progress report, financial updates, and options and recommendations from JV Company's management. Additional representatives of the JV Shareholders can be invited as observers. Executive committee meetings shall be held periodically not less than 6 meetings for each financial year.

(5) Project management and marketing

Santarli Management shall be engaged by JV Company as project manager and marketing manager of the Project at market rate.

(6) Construction

Santarli Construction shall be engaged by JV Company to undertake the construction of the Project at market rate.

(7) Minority protection

Basic minority protection rights in relation to change of business, amendments to memorandum and articles of association and issuance of equity shall be provided to JV Minority Shareholders.

(8) Transfer of JV Shares

Transview has indicated an interest in participating in the JV Company subject to Transview Holdings obtaining the requisite approvals and other approvals ("Transview Approval"). If Transview Approval shall be obtained prior to incorporation of JV Company, then Transview shall agree in writing to the terms of the MOU and shall acquire 10% of the equity of JV Company by way of subscription of JV Shares and the corresponding shareholding percentage of the JV Shareholders will be as follows:

Santarli Corp.	60%
Excel Precast	10%
CM Overseas	10%
Mr. Chan Thiam Seng	10%
Transview	10%

(Mr. Chan Thiem Seng is holding his equity interest in JV Company in trust for a legal entity which is in the process of being formed.)

If Transview shall obtain Transview Approval after 12 September 2012, Santarli Corp., Excel Precast, CM Overseas and Mr. Chan Thiam Seng shall subscribe for their proportion of JV Shares in accordance with Original Ratio and enter into shareholders agreement, incorporating the terms of MOU. Santarli Corp. shall be able to sell up to 10% of the JV Shares (“Sale Shares”) to Transview. The JV Parties agree that the transfer of Sale Shares shall not be subject to pre-emption rights on transfer of JV Shares referred to below.

Other than the transfer of Sale Shares from Santarli Corp. to Transview as mentioned above, any other transfer of JV Shares by any JV Shareholder shall be subject to standard pre-emption rights, and the other JV Shareholders shall be entitled to rights of first referral in the event of the proposed transfer of JV Shares by any of the JV Shareholders.

(9) Governing law and dispute resolution

The governing law of the MOU and the shareholders’ agreement shall be the laws of Singapore and any dispute shall be resolved via arbitration in accordance with the rules of the Singapore International Arbitration Centre.

(10) Binding effect

The MOU is legally binding on the JV Parties as from the date of MOU.

(11) Shareholders agreement

The JV Parties shall endeavour to finalize and sign a shareholders’ agreement incorporating, amongst other things, the terms of MOU within 30 days from the date of the MOU.

INFORMATION ABOUT OTHER JV SHAREHOLDERS

Santarli Group primarily engages in the provision of construction services, with its head office in Singapore. Santarli Construction was formed in June 1983. Santarli Holdings is the holding company of Santarli Group. Santarli Corp., Santarli Construction and Santarli Management are all members of Santarli Group. Mr. Lee Boon Teow, Mr. Chan Thiam Seng and Mr. Sim How Tiong, three of the First JV Directors, are the founders of Santarli Group.

The Group has provided vessel chartering services to Santarli Group since 2007 in respect of the transport of sea sand. Hence, the Group and Santarli Group have established mutual trust in each other. Excel Precast is a member of Santarli Group.

Transview Holdings is a company the shares of which are listed on the SGT-SX, and principally engages in the sale of golf equipments and accessories.

To the best of the Directors’ information, knowledge and belief (having made reasonable

enquires), members of the Santarli Group, Transview Holdings, their ultimate beneficial owners and Mr. Chan Thiam Seng are independent third parties and are not connected persons (as defined under the HK Listing Rules) of the Company. Mr. Sin Boon Ann, an independent non-executive director of the Company, has declared his interest to the Board in respect of the MOU in that he is also an independent non-executive director of Transview Holdings. He abstained from the discussion and voting of the Board in respect of the MOU.

INFORMATION ON THE LAND AND THE PROJECT

The Land is situated in Singapore. The Land covers an area of 4,850.5sm or 54,210.8 sf. The plot ratio is 3.5. The permissible gross floor area is 16,977sm or 182,740 sf. Allowable development is residential.

The tender subscribed by Santarli Corp. in the sum of S\$114,800,000 (approximately US\$90,692,000) for the Land has been accepted by Urban Redevelopment Authority on 4 July 2012.

JV Company intends to construct a 18-storey and a 5-storey condominium with approximately 242 residential units on the Land. The Land is near to Potong Pasir MRT station.

REASONS FOR INVESTMENT IN JV COMPANY

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 PRC as the driver of that market is extensively felt. In the light of the weak dry bulk market, the Group needs to adopt a diversification approach in its long-term growth strategy, to diversify its income base to reduce its dependence on freight income, with a view to sustaining and enhancing shareholders' value and returns.

The Directors (except for Mr. Sin Boon Ann, who has abstained from voting on the Proposed Investment for reasons as explained above) believe that the Santarli Group has the requisite experience, expertise and resources to manage the Project successfully. The Group has been providing vessel chartering services to Santarli Group since 2007, and through this working relationship, is confident of its ability and integrity.

The Directors (except for Mr. Sin Boon Ann, who has abstained from voting on the Proposed Investment for reasons as explained above) consider that the terms of MOU are on normal commercial terms and are fair and reasonable to the Company, and that the entering into of MOU is in the interest of the Company and its shareholders as a whole.

The Directors (except for Mr. Sin Boon Ann, who has abstained from voting on the Proposed Investment for reasons as explained above) consider that the Proposed Investment, while

constituting a diversification of the Group's principal activities, does not presently materially change the sphere of activity or risk profile of the Group.

HK LISTING RULES IMPLICATION

One or more of the applicable percentage ratios (as defined in the HK Listing Rules) in respect of the aggregate of the pro-rata capital commitment and guarantee obligation of the Group for the Project exceed 5% but are less than 25%.

Therefore, the entering into of the MOU constitutes a discloseable transaction under Chapter 14 of the HK Listing Rules.

SINGAPORE LISTING RULES IMPLICATION

The relative figures of the Proposed Investment computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:-

Rule 1006 Bases	Ratio
(a) Net asset value of the assets to be disposed of compared to the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not Applicable
(b) The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not Applicable
(c) The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	19.38%
(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable

Accordingly, the Proposed Investment is a discloseable transaction that falls under the scope of Chapter 10 of the SGX-ST Listing Manual.

EFFECTS OF THE PROPOSED INVESTMENT

The Proposed Investment is not expected to have any material effect on the net tangible assets per share and earnings per share of the Company for the financial year ending 31 December 2012.

INCORPORATION OF SUBSIDIARY

CM Overseas, a company incorporated in the British Virgin Islands and the party to the MOU, was incorporated on 5 July 2012. CM Overseas is a wholly owned subsidiary of Courage Marine Holdings Co., Ltd.

INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed under the section “Information about other JV Shareholders”, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the foregoing, save through his interests in the Company.

FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with requirements of the SGX-ST Listing Manual (if required), upon the execution of a shareholders’ agreement in relation to the JV Company and/or when there are material developments in respect of the Proposed Investment.

INSPECTION OF MOU

A copy of the MOU is available for inspection during normal business hours at the Company’s principal place of business at Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong, for three months from the date of this announcement.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“CM Overseas”	Courage Marine Overseas Ltd., a company incorporated in the British Virgin Islands with limited

	liability, an indirect wholly-owned subsidiary of the Company
“Company”	Courage Marine Group Limited, a company incorporated in Bermuda with limited liability and issued shares of which are listed on the main board of the SEHK and on the SGX-ST
“Development Budget”	the development budget in respect of the Project
“Director(s)”	the director(s) of the Company
“Excel Precast”	Excel Precast Pte Ltd.
“First JV Directors”	the first members of the JV Board, namely Mr. Lee Boon Teow, Mr. Chan Thiam Seng, Mr. Sim How Tiong and Mr. Lai Kwong Meng
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Board”	the board of directors of the JV Company
“JV Company”	Santarli Venture Pte Ltd, incorporated in Singapore on 28 June 2012
“JV Share(s)”	ordinary share(s) in the capital of the JV Company
“JV Parties”	Santarli Corp., Excel Precast, CM Overseas, and Mr. Chan Thiam Seng and Transview Holdings
“JV Shareholder(s)”	the shareholder(s) of JV Company for the time being
“JV Shareholder’s Loan”/ “JV Shareholders’ Loan”	the shareholders’ loan of a total of S\$54 million to be advanced by the JV Shareholders on a pro-rata basis based on their equity holdings in JV Company to JV Company for the Project
“Land”	the site at Pheng Geck Avenue (Parcel B), Singapore on Lot 10335T of Mukim 17
“HK Listing Rules”	The Rules Governing the Listing of Securities on SEHK

“Majority JV Shareholder(s)”	Santarli Corp. and Excel Precast
“Minority JV Shareholder(s)”	CM Overseas, Transview Holdings or its subsidiary and Mr Chan Thiam Seng
“MOU”	the memorandum of understanding dated 12 July 2012 entered into between the JV Shareholders in relation to the establishment of the JV Company
“Permissible Gross Floor Area”	16,977 sm or 182,740 sf
“PRC”	The People’s Republic of China
“Project”	the acquisition of the Land and the construction of a 18-storey and a 5-storey condominium with approximately 242 residential units thereon
“Project Cost”	the total cost to be incurred in relation to the Project
“Proposed Investment”	the proposed investment of a 10% equity interest in the JV Company by CM Overseas
“Santarli Construction”	Santarli Construction Pte Ltd.
“Santarli Corp.”	Santarli Corporation Pte Ltd.
“Santarli Group”	Santarli Holdings and its subsidiaries
“Santarli Holdings”	Santarli Holdings Pte Ltd.
“Santarli Management”	Santarli Management Services Pte Ltd.
“SEHK”	The Stock Exchange of Hong Kong Limited
“S\$”	Singaporean dollars, the lawful currency of Singapore
“SGX-ST”	The Singaporean Exchange Securities Trading Limited
“SGX-ST Listing Manual”	the listing manual of the SGX-ST
“sf”	square feet
“sm”	square metres
“Transview Holdings”	Transview Holdings Ltd.

“Transview”	Transview Holdings or its subsidiary
“Urban Renewal Authority”	Urban Renewal Authority of Singapore
“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

13 July 2012

For the purpose of this announcement, unless otherwise specified, conversion of Singaporean dollars into United States dollars are based on the approximate exchange rates of SG\$1.00 to US\$0.79. The exchange rate is for illustration purpose only and do not constitute a representation that any amount 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.