



COURAGE MARINE GROUP LIMITED

勇利航業集團有限公司*

(Incorporated in Bermuda)

(Company Registration No. 36692)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A PROPOSED ACQUISITION

The Board of Directors (the “**Board**”) of Courage Marine Group Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) is pleased to announce that on 18 August 2016 (after trading hours), the Company (by itself or its nominee) as purchaser, entered into a non-binding memorandum of understanding (the “**MOU**”) with BDG Entertainment Limited, a company incorporated in the Cayman Islands (the “**Vendor**”, and the Company and the Vendor collectively referred to as the “**Parties**”) in relation to a proposed acquisition of the entire interests in BDG Entertainment Asia Limited, a company incorporated in the British Virgin Islands (the “**Target Company**”), representing the entire issued share capital of, and shareholders’ loan to (if any), the Target Company (the “**Proposed Acquisition**”).

The MOU is non-legally binding save for the provisions on confidentiality.

The Proposed Acquisition is subject to the execution and delivery of a legally binding definitive sale and purchase agreement (the “**Formal Agreement**”).

Information on the Target Company

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

Subject to the Formal Agreement entered into between the Company (or its nominee) and the Vendor, the Vendor shall sell and the Company shall acquire the entire interests in the Target Company, representing the entire issued share capital of, and shareholders’ loan to (if any), the Target Company.

Upon signing of the MOU, the Vendor will procure the Target Company to carry out a corporate reorganisation to acquire certain entities which are principally engaged in the business of artist management and artist training centre management in the Republic of Korea (South Korea).

Salient Terms of the MOU

The consideration (the “**Consideration**”) and payment for the Proposed Acquisition will be determined after arm’s length negotiations between the Vendor and the Company and will be set out in the Formal Agreement, subject to the results of the due diligence review to be conducted by the Company and the valuation of the Target Company.

The Consideration shall be settled in cash and/or by issuance of share(s) of the Company (the “**Consideration Share(s)**”). The amount and method of payment of the Consideration once agreed between the Parties to the MOU will be set out in the Formal Agreement.

Should the payment of the Consideration be settled by Consideration Shares, the Vendor and the Company acknowledge that the issue price of the Consideration Shares shall be HK\$5.00 per Consideration Share, which represents a discount of approximately 2.72% to the closing price of HK\$5.14 per share of the Company as quoted on The Stock Exchange of Hong Kong Limited as at the date of this announcement.

The Company shall have the right to commence a due diligence review on the financial condition, legal and other affairs of the Target Company and its subsidiaries.

The MOU is not intended to be legally binding, save for the provisions on confidentiality, and no legal obligation or liabilities will be incurred by the Vendor and the Company unless and until the Formal Agreement has been executed.

If the Vendor and the Company (or its nominee) fail to enter into the Formal Agreement by 31 December 2016 or such later date as the Vendor and the Company may agree, the MOU shall terminate without liability to any party to the MOU.

Rationale for the Proposed Acquisition

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are provision of marine transportation services, provision of logistic services and merchandise trading, property holding and investment and investment holding.

As mentioned in the interim results announcement of the Company for the six months ended 30 June 2016, the Group will continue to explore other investment opportunities which can contribute a new source of income to the Group. The Group will also 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 of the Company (the “**Shareholders**”). By investing in the Target Company, it is expected that the Company can diversify its revenue sources and capture new business opportunities which may create substantial value to the Shareholders.

The Directors consider that the terms of the MOU are fair and reasonable and that the Proposed Acquisition is in the interest of the Company and the Shareholders as a whole.

Interests of Directors and Substantial Shareholders

None of the Company’s directors and substantial shareholders (other than their respective capacities as a director and/or shareholder of the Company) has any interest, direct or indirect in the MOU, the Target Company, the Vendor and/or the Proposed Acquisition.

Further Announcements

Shareholders should note that the terms of the MOU are subject to changes, there is no

assurance that the Formal Agreement will be entered into and there is no certainty that the Proposed Acquisition will materialise and the Company will make the relevant announcement(s) to update Shareholders in due course. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action, which may be prejudicial to their interests. In the event of any doubt, Shareholders and investors are advised to consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

By Order of the Board

Sue Ka Lok
Chairman
18 August 2016

** For identification purpose only*