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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)

MATERIAL VARIATION OF THE TERMS OF DISCLOSEABLE TRANSACTION INVESTMENT IN A JOINT VENTURE COMPANY FOR PROPERTY DEVELOPMENT AND CONNECTED TRANSACTION

This announcement is made pursuant to the Company's announcement obligation under Rule 14.36 and Rule 14A.47 of the Listing Rules.

Reference is made to the announcement of the Company dated 13 July 2012, the overseas regulatory announcement of the Company dated 19 July 2012 and the announcement of the Company dated 1 August 2012 all in relation to the Proposed Investment.

On 18 August 2012, Hsiangkang Enterprise has entered into Original JVA and became a JV Shareholder. Hsiangkang Enterprise is an associate of Mr. Chen Shin-Yung, and is thus a connected person of the Company. Hsiangkang Enterprise holds 10% of the voting power of JV Company at any general meeting of JV Company. Upon completion of Proposed Acquisition, CM Overseas shall become a JV Shareholder. As one of the relevant percentage ratios (as defined in the Listing Rules) in respect of CM Overseas' commitment to the JV Company upon completion of Proposed Acquisition has now exceeded 25% and as CM Overseas' participation in the JV Company (of which Hsiangkang Enterprise is a JV Shareholder) upon completion of Proposed Acquisition will constitute a connected transaction, the Proposed Acquisition by CM Overseas is subject to reporting and announcement requirements as well as independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* For identification purpose only

Reference is made to the announcement of Courage Marine Group Limited (“**Company**”) dated 13 July 2012 (“**1st Announcement**”), the overseas regulatory announcement of the Company dated 19 July 2012 (“**ORA**”) and the announcement of the Company dated 1 August 2012 (“**2nd Announcement**”) all in relation to the Proposed Investment. Capitalized terms used herein shall have the same meaning as defined in the 1st Announcement, unless otherwise provided.

On 18 August 2012, Hsiangkang Enterprise, a connected person of the Company, has entered into Original JVA as one of the Initial Shareholders.

On 14 September 2012, Santarli Corp. and CM Overseas have entered into Share Purchase Agreement under which, subject to the fulfillment of the Condition (as defined below), Santarli Corp. shall sell and CM Overseas shall purchase the Sale Shares (as defined below) and Shareholder’s Loans (as defined below) for the Consideration (as defined below).

Upon completion of the sale and purchase of Sale Shares and Shareholder’s Loans pursuant to Share Purchase Agreement, CM Overseas and Hsiangkang Enterprise shall (amongst other parties) become parties to the joint venture to be carried on by the JV Company.

MATERIAL VARIATION OF THE TERMS OF THE PROPOSED INVESTMENT

(1) Background

In the 1st Announcement, the Company announced that CM Overseas had entered into the MOU, pursuant to which CM Overseas agreed to make Proposed Investment. In the ORA, the Company announced that the Proposed Investment exceeded the relevant threshold under Chapter 10 of the SGX-ST Listing Manual, and that Shareholders’ approval shall be required for Proposed Investment unless a waiver of such requirement from SGX-ST were to be obtained.

In the 2nd Announcement, the Company announced that Shareholders’ approval is to be sought for the Proposed Investment as the SGX-ST refused to grant such waiver. For this purpose, the Company will be convening a special general meeting and dispatching a circular to the Shareholders in connection therewith.

By reason of the need for the Company to seek Shareholders’ approval for the Proposed Investment, CM Overseas did not proceed with Proposed Investment under MOU and did not enter into or participate in the Original JVA entered into on 18 August 2012 between the Initial Shareholders (the shareholders’ agreement as originally contemplated under the MOU). Instead, CM Overseas extended interest-free loans in the total sum of S\$5,500,000 (“**CM Overseas Loan**”) to Santarli Corp. which is equivalent to the capital contribution (comprising of share subscription and loans) required to be made by CM Overseas under the MOU. Santarli Corp., in turn, subscribed for additional 100,000 JV Shares (“**Sale Shares**”) at the price of S\$1.00 per share and agreed to extend, on a progressive basis, additional JV Shareholder’s Loans up to S\$5,400,000 (“**Shareholder’s Loans**”) to JV

Company in place of CM Overseas. Santarli Corp. is the legal and beneficial owner of the Sale Shares and the Shareholder's Loans. CM Overseas and Santarli Corp. entered into the Share Purchase Agreement on 14 September 2012 under which (amongst other things) Santarli Corp. agrees to sell the Sale Shares and the Shareholder's Loans to CM Overseas for the Consideration (as defined below) subject to the fulfillment of the Condition (as defined below). On completion of the Proposed Acquisition, the Consideration shall be set-off against that part of the CM Overseas Loan which is equivalent to the Consideration ("**Relevant Amount**"), and Balance CM Loan Amount (if any) shall be repaid by Santarli Corp. to CM Overseas within 90 days following the Long Stop Date.

THE PROPOSED ACQUISITION

(1) The Share Purchase Agreement

CM Overseas has on 14 September 2012 entered into the Share Purchase Agreement with Santarli Corp. to purchase from Santarli Corp. the Sale Shares (which constitutes 10% of the issued share capital of the JV Company) and the Shareholder's Loans.

(2) Material Terms of the Proposed Acquisition

(a) Consideration

The consideration for the Sale Shares and the Shareholder's Loans is the aggregate of S\$100,000 for the Sale Shares and a sum equal to the principal amount of the Shareholders' Loans ("**Consideration**").

(b) Conditional agreement

Completion of the Proposed Acquisition is conditional upon the Company having obtained Shareholders' approval in general meeting in respect of the Proposed Acquisition ("**Condition**").

In the event that the Company is unable to fulfill the Condition on or before the Long Stop Date, Santarli Corp. shall repay CM Overseas the CM Overseas Loan within 90 days following the Long Stop Date, and upon the CM Overseas Loan having been repaid to CM Overseas, the Share Purchase Agreement shall thereafter lapse except for continuing obligations including warranties and confidentiality.

(c) Terms of payment

The Consideration payable by CM Overseas for the Sale Shares and the Shareholder's Loans shall be deemed satisfied and settled in full by way of CM Overseas agreeing to the release and discharge of the Relevant Amount under CM Overseas Loan.

(d) *Appointment as observer*

Santarli Corp. has undertaken to procure that a person nominated by CM Overseas shall be appointed as an observer of the Executive Committee (as defined below) prior to completion of Proposed Acquisition.

(e) *Transview Development*

Santarli Corp. and CM Overseas acknowledge and agree that Transview Development proposes to purchase from Santarli Corp. 100,000 JV Shares (“**Transview Transaction**”) on or prior to Proposed Acquisition. In the event that Transview Transaction shall not be completed on or prior to completion of Proposed Acquisition, Santarli Corp. and CM Overseas agree that appropriate amendments shall be made to Amended and Restated JVA (as defined below).

(3) *Balance CM Loan Amount*

Upon fulfillment of the Condition, CM Overseas may direct Santarli Corp. to extend Balance CM Loan Amount to JV Company as part of the Shareholder’s Loans to be sold by Santarli Corp. to CM Overseas on completion of Proposed Acquisition. Without prejudice to the above, in the event that the Balance CM Loan Amount is not extended by Santarli Corp. to JV Company or otherwise as part of the Shareholder’s Loans to be sold by Santarli Corp. to CM Overseas on completion of the Proposed Acquisition for any reason whatsoever, Santarli Corp. shall repay the Balance CM Loan Amount in cash to CM Overseas within 90 days following the Long Stop Date.

(4) *Security for CM Overseas Loan*

On 14 September 2012, Santarli Holdings has executed a guarantee in favour of CM Overseas as security for the due and punctual payment and discharge, in full, when due (whether at stated maturity, by acceleration or otherwise) of any and all of the obligations and liabilities under Share Purchase Agreement of Santarli Corp. to CM Overseas.

(5) *Deed of indemnity*

On completion of the Proposed Acquisition, CM Overseas shall together with the JV Shareholders (except for Santarli Corp.) provide an indemnity in favour SHPL Shareholders, on a several liability basis for any liabilities arising out of UOB Facility extended to the JV Company in accordance with their respective shareholding proportions in the JV Company (in consideration of SHPL and each of the SHPL Shareholders providing a joint and several guarantee to UOB to secure UOB Facility and interest thereon for the JV Company).

THE AMENDED AND RESTATED JVA

(1) **Entry of the Amended and Restated JVA on completion of Proposed Acquisition**

The parties to the MOU were CM Overseas, Excel Precast, Santarli Corp. and Mr. Chan Thiam Seng. Santarli Venture Pte. Ltd. was originally intended to be the JV Company. This was replaced by Santarli Realty Pte. Ltd. under Original JVA. The Initial Shareholders and the JV Company have entered into the Original JVA dated 18 August 2012 to regulate their relationship *inter se* as joint venture partners for the Project and to regulate their relationship *inter se* as shareholders of the JV Company. Neither CM Overseas nor Mr. Chan Thiam Seng signed the Original JVA or took up any JV Shares.

On completion of Proposed Acquisition, the Initial Shareholders, the JV Company, CM Overseas and Transview Development shall enter into the amended and restated joint venture agreement (“**Amended and Restated JVA**”) as set out in the Share Purchase Agreement. The Amended and Restated JVA shall supersede and replace Original JVA, to regulate their relationship *inter se* as joint venture partners for the Project and to regulate their relationship *inter se* as shareholders of the JV Company.

(2) **Material terms of the Amended and Restated JVA**

The material terms of the Amended and Restated JVA reflect substantially the terms of the MOU in relation to the regulation of the rights and obligations of JV Shareholders.

(a) *Business of the JV Company*

The business of the JV Company shall be, *inter alia*, to purchase the Land; to develop the Project; to sell all the units in the Project and if any such unit cannot be sold, to lease such unit (pending the sale of such unit), and to do all acts, matters and things which may be incidental to, necessary for and/or ancillary to, or which may be carried out for or in conjunction with such businesses.

(b) *Main contractor and manager of the Project*

Santarli Construction shall be appointed as the main contractor for the construction of the Project. Santarli Management shall be appointed to, *inter alia*, lead and manage the project team in the development of the Project and provide sales and marketing services in respect of the Project.

(c) *Executive Committee/Bank Signatories*

An executive committee shall be established by the JV Company (“**Executive Committee**”). Unless unanimously agreed by the JV Shareholders in writing, the Executive Committee shall comprise of not less than 10 committee members and

each JV Shareholder (save for Santarli Corp.) shall be entitled to appoint (and also to remove and replace) one member to the Executive Committee. Each JV Shareholder may be invited by the JV Board to nominate one person as an observer who shall have the right to attend and appear at all meetings of the Executive Committee but shall not vote on any resolution of the Executive Committee. The duties and powers of the Executive Committee shall be approved by the JV Board.

Santarli Corp. shall be entitled to nominate all of the JV Company's bank signatories.

(d) JV Board

The JV Board shall comprise of 4 directors appointed by Santarli Corp.

(e) No encumbrance on the shares of the JV Company

No JV Shareholder shall, except with the prior written consent of the other JV Shareholders, create or permit to subsist any pledge, lien or charge over, or grant any option or other rights or dispose of any interest in, all or any of the shares of the JV Company held by it.

(f) JV Shareholders' financing

The JV Shareholders shall contribute funds to the JV Company by way of shareholders' loan in Agreed Proportion up to a maximum of S\$54,000,000.00 to finance the carrying on of the business of the JV Company to the extent that such funding requirements are not financed from external sources by way of loans and other credit facilities from banks or other credit providing institutions.

(g) Third party financing

UOB Facility has been obtained by JV Company. UOB Facility is for the sum of S\$122,500,000 whilst under MOU, the bank loan originally contemplated was S\$121,500,000. Santarli Holdings has granted a corporate guarantee and each of SHPL Shareholders has granted a personal guarantee in favour of UOB as security for UOB Facility. The JV Shareholders agree that where additional funding by JV Company is required over and above UOB Facility, the JV Company shall, as far as practicable, obtain financing from banks or other credit institutions ("**External Financing**"), provided that the aggregate of such External Financing and UOB Facility shall not exceed 80% of the Total Development Cost. If securities shall be required from JV Shareholders or their related corporations, or in the case of Santarli Corp., SHPL Shareholders, in respect of External Financing and UOB Facility, each of the JV Shareholders agrees to bear the aggregate amount of the liabilities under these securities, *inter se*, in accordance with their respective Agreed Proportions.

(h) Dividend

The declaration of dividends by the JV Company for each financial year shall be determined by the JV Board, as the JV Board may think fit.

(i) Reserved matters

Certain key matters in relation to the JV Company shall be subject to the prior written approval of the JV Shareholders representing at least 75% of the issued share capital of the JV Company.

(j) Transfer of JV Shares

Transfer of JV Shares by a JV Shareholder is subject to pre-emption right of the other JV Shareholders except for transfer between holding company and its direct or indirect wholly-owned subsidiaries.

THE JV COMPANY

As at the date of this announcement, the JV Company has an issued and paid up share capital of S\$1,000,000.00 comprising 1,000,000 JV Shares. They are held as to 800,000 JV Shares by Santarli Corp., 100,000 JV Shares by Hsiangkang Enterprise, and 100,000 JV Shares by Excel Precast.

In addition to Santarli Corp. agreeing to sell and transfer the Sale Shares to CM Overseas pursuant to Share Purchase Agreement, Santarli Corp. has further agreed to sell another 100,000 JV Shares (constituting 10% of the issued and paid up capital of the JV Company) pursuant to Transview Transaction to Transview Development subject to Transview obtaining approval from its shareholders for the said purchase.

Upon completion of Proposed Acquisition and the completion of the Transview Transaction, the JV Shareholders and their respective shareholding in the JV Company will be as follows:

Name of JV Shareholder	JV Share(s)	Shareholding Percentage (%)
Santarli Corp.	600,000	60%
Excel Precast	100,000	10%
Hsiangkang Enterprise	100,000	10%
Transview Development	100,000	10%
CM Overseas	100,000	10%
Total	1,000,000	100%

To the best of the Directors' information, knowledge, belief (having made reasonable enquiries) and save as disclosed above, members of the Santarli Group, Transview Holdings, their ultimate beneficial owners are independent third parties and are not connected persons (as defined under the 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 Proposed Acquisition 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 Proposed Acquisition.

INFORMATION ON HSIANGKANG ENTERPRISE

Hsiangkang Enterprise is principally engaged in investment holding and is controlled by Mr. Chen Shin-Yung.

REASONS FOR THE PROPOSED ACQUISITION

As CM Overseas did not proceed with Proposed Investment under MOU and did not enter into the Original JVA to subscribe for the 10% equity interest in the JV Company due to its need to obtain Shareholders' approval for the Proposed Investment, the Proposed Acquisition is intended to facilitate and effect the Proposed Investment despite the constraints as outlined hereinabove. The guarantee provided by Santarli Holdings provides security to CM Overseas against default of Santarli Corp. under Share Purchase Agreement.

Pursuant to the terms of the Proposed Acquisition, CM Overseas would be able to effect the Proposed Investment at the same pricing and on substantially the same terms as contemplated originally under the MOU.

In respect of the Proposed Acquisition (including but not limited to the execution of the Share Purchase Agreement and the Amended and Restated JVA), the Directors (excluding Mr. Sin Boon Ann who is also an independent non-executive director of Transview Holdings and therefore abstained from voting on the Proposed Investment) consider that the terms of the Proposed Acquisition are fair and reasonable to the Company and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

Mr. Chen Shin-Yung was an executive director of the Company. He resigned as such director on 16 March 2012. Mr. Chen Shin-Yung is also a substantial shareholder (as defined in the Listing Rules) of the Company through his shareholding in China Harvest Enterprise Limited.

Hsiangkang Enterprise is an associate (as defined in the Listing Rules) of Mr. Chen Shin-Yung and is therefore a connected person of the Company.

As one of the relevant percentage ratios (as defined in the Listing Rules) in respect of CM Overseas' commitment to the JV Company has now exceeded 25% and as CM Overseas' participation in the JV Company (of which Hsiangkang Enterprise is a JV Shareholder) upon completion of Proposed Acquisition will constitute a connected transaction, the Proposed Acquisition is subject to the reporting and announcement requirements as well as independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the circular relating to, *inter alia*, the approval of Proposed Acquisition shall also contain other matters requiring Shareholders' approval, and such circular shall have to be approved by both SGX-ST and SEHK, the Company shall be unable to dispatch such circular within 15 Business Days of this announcement.

SPECIAL GENERAL MEETING AND CIRCULAR

A special general meeting will be convened on a date to be further announced by the Company, in which the Company will be seeking, *inter alia*, approval of the independent Shareholders for the Proposed Acquisition.

A circular to the Shareholders, setting out, *inter alia*, the details of the Proposed Acquisition will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

MISCELLANEOUS

This announcement is prepared in both English and Chinese languages. In case of inconsistency, the English version shall prevail.

DEFINITIONS

“Agreed Proportion”	in relation to any JV Shareholder, the proportion as is equal to the proportion in which the number of JV Shares registered in the name of such JV Shareholder at any given time bears to the total number of issued JV Shares at the same given time
“Balance CM Loan Amount”	the loan amount equal to the CM Overseas Loan after deducting the Relevant Amount
“Business Days”	a day on which commercial banks are open for business in Singapore (excluding Saturdays, Sundays and public holidays)
“Hsiangkang Enterprise”	Hsiangkang Enterprise Corp., a corporation incorporated in the Republic of Panama and an associate of Mr. Chen Shin-Yung
“Initial Shareholders”	Santarli Corp., Excel Precast and Hsiangkang Enterprise

“JV Company”	Santarli Realty Pte. Ltd., a company incorporated in Singapore
“Long Stop Date”	15 November 2012 (or such other date as agreed in writing by Santarli Corp. and CM Overseas)
“Original JVA”	the joint venture agreement dated 18 August 2012 entered into between the Initial Shareholders and the Company
“Proposed Acquisition”	the proposed acquisition of the Sale Shares and the Shareholder’s Loans by CM Overseas from Santarli Corp. pursuant to the Share Purchase Agreement
“SGX-ST Listing Manual”	Listing Manual of the SGX-ST
“Share Purchase Agreement”	the share purchase agreement entered into on 14 September 2012 between Santarli Corp. and CM Overseas relating to the sale and purchase of the Sale Shares and the Shareholder’s Loans
“Shareholders”	persons registered as holders of ordinary shares of the Company in the register of shareholders
“SHPL”	Santarli Holding Pte Ltd, a company incorporated in Singapore
“SHPL Shareholders”	the shareholders of SHPL, namely, (i) Lee Boon Teow; (ii) Sim How Tiong; and (iii) Chan Thiam Seng
“Total Development Cost”	the estimated development budget in respect of the Project and includes the cost of the Land, the aggregate amount of all contract sums for all construction contracts awarded by the JV Company in respect of the development and construction of the Project, the cost of engaging consultants, cost of marketing and sales, cost of external financing in respect of the Project and all other items of costs in relation to the Land and the Project necessary for the purpose of carrying on the business of the JV Company
“Transview Development”	Transview Development Pte. Ltd. (Company Registration No. 196300082C), a company incorporated in Singapore and having its registered address at 4 Chang Charn Road Singapore 159633

“UOB Facility” the S\$122,500,000 loan facility granted to JV Company and arranged by UOB pursuant to the facility letter dated 24 July 2012

“UOB” United Overseas Bank

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

Hong Kong, 17 September 2012

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.