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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)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAP**

Reference is made to the 1st Announcement in relation to continuing connected transactions between the Group and the Broker under the Old Agreement between the Subsidiary and the Broker. The Old Agreement records the terms under which the Group engages the Broker for its services and it has expired on 31 July 2012.

The Board announces that the Company and the Broker agreed to renew the Old Agreement in accordance with substantially the same terms for a further term of 12 months commencing on the date of the New Brokerage Agreement. Hence, the Subsidiary and the Broker has entered into the New Brokerage Agreement dated 19 September 2012.

The Company has also decided to revise the annual cap for the transactions under the New Brokerage Agreement for the Effective Period from HK\$1,500,000.00 pursuant to the Old Agreement to US\$310,000.00 (equivalent to approximately HK\$2,418,000.00). The terms and conditions of the New Brokerage Agreement shall be substantially the same as that under the Old Agreement.

Capitalized terms used herein shall have the same meaning as defined in the 1st Announcement.

\* For identification purpose only

## BACKGROUND

Reference is made to the announcement dated 16 April 2012 of the Company (“**1st Announcement**”) in relation to the continuing connected transactions of the Broker acting as a broker of the Group for the sale of the vessels owned by the Group on a non-exclusive basis, which are governed by the brokerage agreement dated 16 April 2012 (“**Old Agreement**”) between Courage Marine (Holdings) Co., Limited (“**Subsidiary**”), an indirect wholly-owned subsidiary of the Company, and the Broker. The Old Agreement records the terms under which the Group engages the Broker for its services and it has expired on 31 July 2012.

Pursuant to the Old Agreement, the agreed commission payable by the Group to the Broker for each vessel sold through the Broker’s services is 0.5% of the purchase price for each vessel sold. The commissions are payable to the Broker after the completion of the sale of the relevant vessel and the payment of commission is conditional upon the completion of the sale. The commission rate and payments terms applicable to the Broker follow standard market rates and practice.

The Board announces that the Company and the Broker agreed to renew the Old Agreement in accordance with substantially the same terms for a further term of 12 months commencing on the date of the New Brokerage Agreement (as defined below) (“**Effective Period**”). The Subsidiary and the Broker has entered into a new brokerage agreement dated 19 September 2012 (“**New Brokerage Agreement**”).

## CONTINUING CONNECTED TRANSACTIONS WITH THE BROKER

### The New Brokerage Agreement

Date:	19 September 2012
Effective period:	12 months commencing from the date of the New Brokerage Agreement
Parties:	Broker (as service provider); and Subsidiary (as customer)
Nature of transactions:	Broker will provide brokerage services to the Group on a non-exclusive basis for the sale of the Group’s vessels by providing to the Group market information on the prices of vessels and by assisting the Group in sourcing potential buyers of the Group’s vessels which the Group intends to sell

Condition of transactions:	Each engagement of the Broker for its services is separate, distinct and conditional upon compliance with the procedures and provisions contained in the Group's "Conflict of Interest and Transaction with Interested Persons Policy"
Commission:	The commission payable by the Group to the Broker is 0.5% of the price for each vessel sold through the Broker's service. The commission is to be paid against invoice after the completion of the sale of the relevant vessel and the payment is conditional upon the completion of sale
Annual cap:	US\$310,000.00 (equivalent to approximately HK\$2,418,000.00)
Basis of the annual cap:	In determining the proposed annual cap of the continuing connected transactions contemplated under the New Brokerage Agreement, the Board has taken into account with reference of the factors, namely (i) the historical amounts of commission payable to the Broker, (ii) the possibility of the Group disposing its vessels in accordance with its fleet renewal strategy or when suitable opportunity arises and (iii) the aggregate value of all the vessels currently owned by the Group as of the date of this Announcement
Purpose of the transactions:	The vessel brokerage services are essential in assisting the Group in obtaining market information on the price of vessels and sourcing potential buyers for the vessels of the Group which the Group intends to sell. The Broker has the capabilities and experience to serve the Group.

## **REVISION OF ANNUAL CAP UNDER THE OLD AGREEMENT**

During the period from 1 August 2011 to 31 July 2012, the annual cap for the transactions contemplated under the Old Agreement was HK\$1,500,000.00.

The Directors expect that the annual cap under the Old Agreement will not be sufficient for the Group's future requirements. The Directors therefore propose that the annual cap in respect of the amount of commission payable to the Broker under the New Brokerage Agreement be revised to US\$310,000.00 (equivalent to approximately HK\$2,418,000.00) with substantially the same terms as the Old Agreement.

## Historical transaction figures and the annual cap under the Old Agreement

A breakdown of the approximate historical transaction figures and the annual cap in respect of the amount of commission payable to the Broker under the Old Agreement is as follows:–

### Period from 1 August 2011 to 31 July 2012

Disposal of vessel	Date of sale	Commission Paid
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	US\$21,699.40
		<hr/>
	<b>Total:</b>	<b>US\$195,319.46</b>
		(equivalent to approximately HK\$1,523,491.79)
		<b>Annual cap: HK\$1,500,000.00</b>

As far as the Directors are aware, the annual cap under the Old Agreement has been exceeded as at 13 June 2012 at the time of the disposal of M/V Courage and the same has been disclosed in an announcement dated 13 June 2012 of the Company. Hence, the Directors are of the view that the annual cap under the Old Agreement would be insufficient for the New Brokerage Agreement.

Furthermore, as the Group may dispose its vessels in accordance with its fleet renewal strategy or when suitable opportunity arises, the Directors are of the view that the annual cap under the New Brokerage Agreement shall be revised to US\$310,000.00 (equivalent to approximately HK\$2,418,000.00). The annual cap under the New Brokerage Agreement is based on the amount of commission payable to the Broker if the Group were to dispose all of the 4 existing vessels currently owned by the Group as of the date of this Announcement within the Effective Period (i.e. 0.5% of the aggregate value of US\$62 million of the 4 vessels, namely M/V Heroic, M/V Zorina, M/V Panamex Leader and M/V Cape Warrior).

## **DIRECTORS' VIEWS**

The Directors including the independent non-executive directors of the Company (except for Mr. Chang Shun-Chi who abstains from voting in respect of the approval of the New Brokerage Agreement) consider that:–

- (1) The New Brokerage Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms; and
- (2) The terms and conditions of the New Brokerage Agreement and the annual cap contained therein are fair and reasonable and the entering of the New Brokerage Agreement is in the interest of the Group and the Shareholders as a whole.

## **HONG KONG LISTING RULES IMPLICATIONS**

Mr. Chang Shun-Chi is a Director. The Broker is an “associate” of Mr. Chang Shun-Chi within the meaning of Rule 14A.11(4) of the Listing Rules. The Subsidiary is an indirect wholly-owned subsidiary of the Company. Thus, the transactions in respect of engaging the Broker for its services as a broker under the New Brokerage Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules and in respect of the annual cap under the New Brokerage Agreement) exceed 0.1% but are less than 5%, these transactions are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, and are exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

Except for Mr. Chang Shun-Chi, none of the Directors are interested in these transactions and hence (except for Mr. Chang Shun-Chi) no Director is required to abstain from voting on the relevant resolutions of the Board approving the New Brokerage Agreement.

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

Hong Kong, 20 September 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.*