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COURAGE INVESTMENT GROUP LIMITED
勇利投資集團有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: CIN)

MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE
CAPITAL OF A COMPANY AND RELATED
SHAREHOLDER'S LOAN FROM SUBSTANTIAL
SHAREHOLDER

THE ACQUISITION

The Board is pleased to announce that on 16 November 2018 (after trading hours), the Vendor entered into the Agreement with the Purchaser, a wholly owned subsidiary of the Company, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares constituting the entire issued share capital of the Target, and the Sale Loan for a maximum aggregate consideration of US\$11,000,000.

On 16 November 2018 prior to signing of the Agreement, in order to facilitate the acquisition of the Vessel by the Purchaser, the Vendor, a substantial shareholder of the Company, procured the Target to enter into the MOA, pursuant to which the Principal Vendor agreed to sell and the Target agreed to purchase the Vessel, with the intention of transferring the Vessel to the Group through the sale of the Target to the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules.

As at the date of this announcement, the Vendor is a substantial shareholder of the Company holding approximately 15.9% of the total issued shares of the Company through Success United Development Limited whose entire issued share capital is ultimately owned by him, and thus a connected person of the Company. The Acquisition therefore constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole, and advise the Independent Shareholders on how to vote. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

GENERAL

A SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) recommendation of the Independent Board Committee; (iii) letter of advice from the Independent Financial Adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 7 December 2018.

The completion of the Acquisition is conditional upon the satisfaction of the terms and conditions set out in the Agreement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

The Board is pleased to announce that on 16 November 2018 (after trading hours), the Vendor entered into the Agreement with the Purchaser, a wholly owned subsidiary of the Company, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares constituting the entire issued share capital of the Target, and the Sale Loan for a maximum aggregate consideration of US\$11,000,000.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date

16 November 2018

Parties

Vendor: Mr. Suen Cho Hung, Paul

Purchaser: Peak Prospect Global Limited

Assets to be acquired

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares free from all encumbrances and the Sale Loan. As referred to in the paragraph headed "THE MOA" below, on 16 November 2018 prior to signing of the Agreement, the Target as purchaser entered into the MOA with the Principal Vendor as vendor in relation to the acquisition of the Vessel.

Consideration

The consideration shall comprise (i) US\$10,000, which represents the consideration payable by the Purchaser for the Sale Shares; and (ii) the maximum sum of US\$10,990,000, payable by the Purchaser for the Sale Loan on a dollar for dollar basis as at the Completion Date. The maximum aggregate consideration is thus US\$11,000,000 which shall be paid by the Purchaser in the following manner:

- (a) the Deposit in the sum of US\$1,088,000 will be paid within 5 Business Days upon signing of the Agreement; and
- (b) the balance of the consideration is payable on Completion.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Target has not entered into any business transaction prior to entering into the MOA. Accordingly, the aggregate consideration for the Sale Shares and the Sale Loan effectively represents the amount of consideration which shall have been paid by the Target under the MOA together with Other Ancillary Expenses as at the Completion Date.

Should the Completion take place prior to completion of the transactions contemplated under the MOA, the aggregate consideration for the Sale Shares and the Sale Loan would effectively represent the deposit of US\$1,088,000 payable by the Target to the Principal Vendor under the MOA as referred to in the paragraph headed "THE MOA" below together with Other Ancillary Expenses. The Purchaser shall pay on behalf of the Target to the Principal Vendor the balance of the consideration of US\$9,792,000 under the MOA at completion of the transactions contemplated under the MOA.

Should the Completion take place after completion of the transactions contemplated under the MOA, the aggregate consideration for the Sale Shares and the Sale Loan would effectively represent the aggregate consideration of US\$10,880,000 payable by the Target to the Principal Vendor under the MOA as referred to in the paragraph headed “THE MOA” below together with Other Ancillary Expenses.

The consideration for the Sale Shares was determined after arm’s length negotiations between the Vendor and the Purchaser based on their par value. The consideration for the Sale Loan was determined after arm’s length negotiations between the Vendor and the Purchaser and would represent, together with the consideration for the Sale Shares, the actual consideration under the MOA and Other Ancillary Expenses.

In consideration of the Vendor facilitating the acquisition of the Vessel (through the acquisition of the Target) by the Purchaser, the Purchaser has agreed to reimburse all costs, fees and expenses incurred by the Vendor upon production of evidence satisfactory to the Purchaser, in connection with the preparation, negotiations and entering into of the MOA and the Agreement subject to a maximum amount of US\$50,000 as stated in the Agreement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor will not derive any gain from the sale of the Sale Shares and the Sale Loan to the Purchaser.

It is intended that the consideration under the Agreement will be funded by internal resources and borrowings from bank and/or other financial institution.

As the consideration for purchase of the Vessel under the MOA was determined with reference to prevailing market price of vessels with similar age and capacity and the consideration under the Agreement is effectively the same as what the Target is required to pay under the MOA, the Directors (other than the members of the Independent Board Committee, who will provide their views after having considered the advice from the Independent Financial Adviser) consider that the consideration under the Agreement is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Condition precedent

Completion is conditional upon the passing of the resolution(s) by the Independent Shareholders at the SGM to be convened to approve the Agreement and the transactions contemplated thereunder.

Completion

Completion shall take place on the Completion Date. Upon Completion, the Purchaser will own the entire issued share capital of the Target which will become a wholly owned subsidiary of the Company.

Deposit

Subject to the provisions of the Agreement, if the condition precedent of the Agreement shall not have been fulfilled by the Long Stop Date, the Agreement shall terminate and the Vendor shall refund to the Purchaser the Deposit paid (without interest).

Subject to the provisions of the Agreement, if the MOA is terminated before the Completion, the Agreement shall terminate and the Vendor shall refund to the Purchaser the Deposit paid (without interest).

THE MOA

The principal terms of the MOA are as follows:

Date

16 November 2018

Parties

Vendor: Bergen Yangzhou Supramax Carriers AS

Purchaser: Polyworld Marine Corp.

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

Asset to be acquired

Pursuant to the MOA, the Target has agreed to buy and the Principal Vendor has agreed to sell the Vessel.

Consideration

The aggregate consideration payable for the Vessel under the MOA is US\$10,880,000 and shall be payable by the Target to the Principal Vendor in the following manner:

- (a) US\$1,088,000, being 10% of the total consideration, will be lodged by the Target as a deposit to an escrow account within 3 Banking Days after the date that (i) the MOA is signed by the parties and exchanged in original or by e-mail or telefax; and (ii) the escrow agreement has been entered into by all parties to it and the deposit holder has confirmed in writing to the parties that the account has been opened, and will be released to the Principal Vendor's account on delivery of the Vessel; and

- (b) US\$9,792,000, being the remaining 90% of the total consideration, will be prepositioned 1 business day prior to the delivery of the Vessel, which shall be remitted in full to the Principal Vendor's bank directly after receiving the refund guarantee letter issued by the Principal Vendor's bank upon the delivery of the Vessel, but not later than 3 Banking Days after the date that the Vessel is at the place of delivery and physically ready for delivery, and the notice of readiness is given by the Principal Vendor.

The consideration under the MOA was determined after arm's length negotiations between the Principal Vendor and the Target on normal commercial terms with reference to prevailing market price of vessels with similar age and capacity.

Delivery of the Vessel

The Vessel shall be delivered charter free and free from registered encumbrances and mortgages, and taken over safely afloat at a safe and accessible berth or anchorage in Hong Kong, inside port limits in the Principal Vendor's option. The notice of readiness shall not be tendered before 21 December 2018. The Target has an option to cancel the MOA if the Principal Vendor fails to give notice of readiness or fails to be ready to validly complete a legal transfer of the Vessel by 31 December 2018. In that case, the deposit lodged by the Target to the escrow account together with interest earned, if any, will be released to the Target immediately.

INFORMATION ON THE COMPANY, THE GROUP AND THE VENDOR

The principal activity of the Company is investment holding.

The principal activities of the Group are provision of marine transportation services, property holding and investment, merchandise trading and investment holding.

The Vendor is Mr. Suen Cho Hung, Paul, a substantial shareholder of the Company holding, through Success United Development Limited whose entire issued share capital is ultimately owned by him, approximately 15.9% of the total issued shares of the Company.

INFORMATION ON THE PRINCIPAL VENDOR

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Principal Vendor is a ship owning company.

INFORMATION ON THE TARGET AND THE VESSEL

The Target is a limited liability company incorporated in the Republic of Panama, the entire issued share capital of which is owned by the Vendor. The Target was incorporated on 14 November 2018 and has not conducted any business or activities since its incorporation other than entering into of the MOA, and does not hold any asset as at the date of this announcement. As such, no net profit or loss

before and after taxation of the Target for the two financial years immediately preceding the Acquisition is presented in this announcement. The set up costs of the Target paid by the Vendor were nominal.

The Vessel is a second hand Supramax dry bulk carrier with carrying capacity of approximately 57,000 dwt. named "MV Grand Pioneer", its flag state is the Marshall Islands.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Upon Completion and completion of the transactions contemplated under the MOA, the Vessel will be owned by the Group. The Group intends to increase the carrying capacity of its dry bulk fleet through acquisition of the Vessel. The Acquisition is in line with the corporate development strategy of the Group to expand the scale of its marine transportation services business.

As the Principal Vendor was unwilling to accept the Independent Shareholders' approval as a condition precedent of the MOA, the Vendor agreed to facilitate the acquisition of the Vessel by the Purchaser by procuring the Target to enter into the MOA, with the intention of transferring the Vessel to the Group through the sale of the Target to the Group.

The Directors (other than the members of the Independent Board Committee, who will provide their views after having considered the advice from the Independent Financial Adviser) consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules.

As at the date of this announcement, the Vendor is a substantial shareholder of the Company holding approximately 15.9% of the total issued shares of the Company through Success United Development Limited whose entire issued share capital is ultimately owned by him, and thus a connected person of the Company. The Acquisition therefore constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole, and advise the Independent Shareholders on how to vote. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

GENERAL

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) recommendation of the Independent Board Committee; (iii) letter of advice from the Independent Financial Adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 7 December 2018.

The completion of the Acquisition is conditional upon the satisfaction of the terms and conditions set out in the Agreement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Acquisition”	proposed acquisition of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Agreement
“Agreement”	sale and purchase agreement dated 16 November 2018 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Banking Day(s)”	day(s) on which banks are open in the United States of America, Hong Kong, Frankfurt and London
“Board”	Board of Directors
“Business Day(s)”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	Courage Investment Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited

“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	on or before the third Business Day after the passing by the Independent Shareholders of the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the SGM in accordance with the Listing Rules or such other time as the Vendor and the Purchaser may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Deposit”	deposit in the sum of US\$1,088,000, being partial payment of the consideration for the Acquisition pursuant to the Agreement
“Director(s)”	director(s) of the Company
“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 from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Zhou Qijin, Mr. To Yan Ming, Edmond and Mr. Pau Shiu Ming, to advise the Independent Shareholders on the Acquisition
“Independent Financial Adviser”	Veda Capital Limited, a licensed corporation authorised to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Independent Shareholders”	Shareholders other than the Vendor, together with his close associates who are required by the Listing Rules to abstain from voting on the resolution(s) approving the Agreement and the transactions contemplated thereunder
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	31 January 2019 or such other date as the Vendor and the Purchaser shall agree in writing
“MOA”	memorandum of agreement dated 16 November 2018 entered into between the Principal Vendor as vendor and the Target as the purchaser in relation to the acquisition of the Vessel
“Other Ancillary Expenses”	ancillary expenses in connection with the preparation, negotiations and entering into of the MOA and the Agreement incurred and to be incurred by the Target, including but not limited to legal costs
“Principal Vendor”	Bergen Yangzhou Supramax Carriers AS, a limited liability company incorporated in Bergen, Norway which, together with its ultimate beneficial owners, are, to the best knowledge, information and belief of the Directors, third parties independent of the Company and connected persons of the Company
“Purchaser”	Peak Prospect Global Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company
“Sale Loan”	aggregate amount of an interest-free shareholder’s loan advanced by the Vendor to the Target from time to time for settling the consideration under the MOA and Other Ancillary Expenses as at the Completion Date
“Sale Shares”	100 ordinary shares of US\$100 each in the Target, representing the entire issued share capital of the Target
“SGM”	special general meeting of the Shareholders to be convened by the Company to consider and approve the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Polyworld Marine Corp., a company incorporated in the Republic of Panama with limited liability
“US\$”	United States dollars, the lawful currency of the United States of America

“Vendor”	Mr. Suen Cho Hung, Paul, a substantial shareholder of the Company holding, through Success United Development Limited whose entire issued share capital is ultimately owned by him, approximately 15.9% of the total issued shares of the Company
“Vessel”	a vessel named MV Grand Pioneer which forms the subject matter of the sale and purchase under the MOA
“%”	per cent.

By Order of the Board
Courage Investment Group Limited
Sue Ka Lok
Chairman

Hong Kong, 16 November 2018

As at the date of this announcement, the Board comprises Mr. Sue Ka Lok (Chairman) as Non-executive Director; Mr. Zhang Liang (Chief Executive Officer), Ms. Wang Yu and Ms. Wan Jia as Executive Directors and Mr. Zhou Qijin, Mr. To Yan Ming, Edmond and Mr. Pau Shiu Ming as Independent Non-executive Directors.