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: CIN)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Board of Directors (the "**Board**") of Courage Marine Group Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2017 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**3,364**	1,839
Cost of sales		**(2,735)**	(3,012)
Gross profit (loss)		**629**	(1,173)
Other income		**53**	46
Other gains and losses, net	*5*	**(59)**	(249)
Administrative expenses		**(688)**	(1,384)
Share of result of a joint venture		**(536)**	–
Other expense		**–**	(81)
Finance costs		**(382)**	(421)
Loss for the period	*7*	**(983)**	(3,262)

	Note	Six months ended 30 June **2017** *US$'000* **(Unaudited)**	2016 *US$'000* (Unaudited)
Other comprehensive (expense) income:			
Items that will not be reclassified subsequently to profit and loss:			
Deficit on revaluation of leasehold land and building		**–**	(164)
Deferred tax credit arising on revaluation of leasehold land and building		**–**	24
		–	(140)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**108**	222
Net decrease in fair value of available-for-sale investments		**(159)**	–
		(51)	222
Other comprehensive (expense) income for the period		**(51)**	82
Total comprehensive expense for the period		**(1,034)**	(3,180)
Loss for the period attributable to:			
Owners of the Company		**(983)**	(3,062)
Non-controlling interests		**–**	(200)
		(983)	(3,262)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(1,034)**	(3,047)
Non-controlling interests		**–**	(133)
		(1,034)	(3,180)
Loss per share attributable to owners of the Company (US cent)	*9*		
Basic and diluted		**(0.22)**	(0.80)
			(restated)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 US$'000 (Unaudited)	As at 31 December 2016 US$'000 (Audited)
Non-current assets			
Property, plant and equipment		**14,268**	14,428
Investment property		**7,935**	7,290
Interest in a joint venture		**4,305**	4,733
Available-for-sale investments	*10*	**9,317**	79
Total non-current assets		**35,825**	26,530
Current assets			
Inventories		**557**	181
Available-for-sale investments	*10*	**199**	–
Trade receivables	*11*	**83**	281
Other receivables and prepayments		**1,744**	2,466
Amount due from a joint venture		**669**	669
Financial assets at fair value through profit or loss	*12*	**2,996**	645
Time deposit		**500**	500
Cash and cash equivalents		**3,734**	4,544
		10,482	9,286
Asset classified as held-for-sale		**–**	1,449
Total current assets		**10,482**	10,735
Total assets		**46,307**	37,265

	Notes	As at 30 June 2017 US$'000 (Unaudited)	As at 31 December 2016 US$'000 (Audited)
Current liabilities			
Deposits received, other payables and accruals		**1,377**	1,980
Borrowings – due within one year	*13*	**8,675**	7,587
		10,052	9,567
Liability associated with asset classified as held-for-sale		**–**	182
Total current liabilities		**10,052**	9,749
Capital and reserves			
Share capital	*14*	**27,443**	22,871
Deficits in reserves		**(967)**	(7,568)
Total equity		**26,476**	15,303
Non-current liabilities			
Borrowings – due more than one year	*13*	**9,778**	12,212
Deferred tax liability		**1**	1
Total non-current liabilities		**9,779**	12,213
Total liabilities and equity		**46,307**	37,265
Net current assets		**430**	986
Total assets less current liabilities		**36,255**	27,516

Notes:

1. General

The Company (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda, its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is at Suite 1510, 15th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company is primarily listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and secondarily listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The condensed consolidated financial statements are presented in United States dollars ("**US$**"), which is the functional currency of the Company, and all values are rounded to the nearest thousand (US$'000) where appropriate as indicated.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**").

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property that are measured at revalued amounts or fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("**IFRSs**") that are effective for the Group's accounting periods beginning on 1 January 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the new and revised IFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. Revenue

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Marine transportation services income:		
– Vessel voyage charter	**14**	1,650
– Vessel time charter	**831**	–
Merchandise trading income	**1,709**	73
Dividend income from an investee company *(Note)*	**552**	–
Rental income from investment property	**116**	–
Interest income from financial assets at fair value through profit or loss ("**FVTPL**")	**49**	79
Interest income from available-for-sale ("**AFS**") investments	**93**	–
Dividend income from financial assets at FVTPL	**–**	37
	3,364	1,839

Note: The dividend income from an investee company represents the dividend income derived from the investment in Santarli Realty Pte Ltd. ("**Santarli Realty**") during the period, which was classified as AFS investments (note 10(i)).

4. Segment information

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance. This is also the current basis of organisation in the Group, whereby the management has chosen to organise the Group in different operating activities. During the period ended 30 June 2017, the Group commenced to invest in corporate bonds which were classified as AFS investments in the condensed consolidated financial statements.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

1. Marine transportation services
2. Merchandise trading
3. Property holding and investment
4. Investment holding

Segment results represents the profit/loss from each segment without allocation of corporate income, corporate expenses, share of result of a joint venture and finance costs.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Marine transportation services Six months ended 30 June		Merchandise trading Six months ended 30 June		Property holding and investment Six months ended 30 June		Investment holding Six months ended 30 June		Total Six months ended 30 June	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue	**845**	1,650	**1,709**	73	**668**	–	**142**	116	**3,364**	1,839
Segment results	**(197)**	(1,865)	**(71)**	(359)	**1,373**	–	**(632)**	(81)	**473**	(2,305)
Unallocated:										
Corporate income									**26**	9
Corporate expenses									**(564)**	(545)
Share of result of a joint venture									**(536)**	–
Finance costs									**(382)**	(421)
Loss for the period									**(983)**	(3,262)

Segment assets

The following is an analysis of the Group's assets by reportable and operating segments:

	Marine transportation services As at		Merchandise trading As at		Property holding and investment As at		Investment holding As at		Total As at	
	30 June 2017	31 December 2016	**30 June 2017**	31 December 2016	**30 June 2017**	31 December 2016	**30 June 2017**	31 December 2016	**30 June 2017**	31 December 2016
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**14,942**	15,459	**1,118**	2,955	**13,424**	16,094	**12,433**	645	**41,917**	35,153
Unallocated corporate assets									**4,390**	2,112
Total assets									**46,307**	37,265

5. Other gains and losses, net

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Gain on disposal of a subsidiary	**51**	–
Increase in fair value of an investment property	**645**	–
Net decrease in fair value of financial assets at FVTPL	**(791)**	(228)
Net foreign exchange gain (loss)	**36**	(21)
	(59)	(249)

6. Income tax expense

No provision on Hong Kong Profits Tax has been made in the financial statements as the Group have no estimated assessable profit in both periods.

In the opinion of the directors of the Company, there is no taxation arising in other jurisdictions.

7. Loss for the period

Loss for the period has been arrived at after (crediting) charging:

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest income from banks	**(29)**	(9)
Employee benefits expenses (including directors' emoluments):		
– Salaries and other benefits	**286**	384
– Contributions to retirement benefits scheme	**8**	7
Total employee benefits expenses	**294**	391
Marine crew expenses	**565**	641
Depreciation of property, plant and equipment	**160**	563
Amortisation of intangible assets	**–**	60

8. Dividend

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2016: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. Loss per share

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company	**(983)**	(3,062)

	Six months ended 30 June	
	2017	2016
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period *(Note)*	**450,220**	381,177
		(restated)

Note:

The weighted average number of ordinary shares for the periods ended 30 June 2017 and 2016 for the purpose of calculating the basic loss per share had been adjusted to account for the effect of the share subdivision of the capital of the Company (note 14(ii)) which became effective on 6 July 2017.

For the periods ended 30 June 2017 and 2016, diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares outstanding during both periods.

10. Available-for-sale investments

Available-for-sale investments comprise:

	As at 30 June 2017 ***US$'000*** **(Unaudited)**	As at 31 December 2016 *US$'000* (Audited)
Unlisted investment, at cost:		
– Equity securities *(Note (i))*	**79**	79
Listed investments, at fair value:		
– Debt securities *(Note (ii))*	**9,437**	–
	9,516	79
Analysed as:		
Current portion	**199**	–
Non-current portion	**9,317**	79
	9,516	79

Notes:

(i) The Group holds 10% (31 December 2016: 10%) of the ordinary share capital of Santarli Realty, a company engaged in property development business in Singapore. The directors of the Company do not consider that the Group is able to exercise significant influence over Santarli Realty as the Group does not have any board seat in Santarli Realty.

(ii) The fair values of the listed debt securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange or SGX-ST.

11. Trade receivables

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks (31 December 2016: 2 weeks) after the receipt of invoices while other customers are requested to prepay the charter-hire income in full before discharging for voyage charter. Customers of time charter are requested to prepay the charter-hire income for time charter. The Group normally allows credit period for customers of merchandise trading ranging from 30 days to 180 days. An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	As at 30 June 2017 *US$'000* **(Unaudited)**	As at 31 December 2016 *US$'000* (Audited)
0 to 90 days	**68**	254
91 to 180 days	**15**	27
	83	281

12. Financial assets at fair value through profit or loss

	As at 30 June 2017 *US$'000* **(Unaudited)**	As at 31 December 2016 *US$'000* (Audited)
Held for trading, at fair value:		
Equity-linked notes *(Note (i))*	**–**	645
Equity securities listed in Hong Kong *(Note (ii))*	**2,996**	–
	2,996	645

Notes:

(i) At 31 December 2016, the Group held equity-linked notes with aggregate principal amount of Hong Kong dollars ("**HK$**") 5,000,000 which bore fixed interest rate of 10.08% per annum and would be due in March 2017 (subject to early redemption). These equity-linked notes were linked with a Hong Kong listed security at a strike price. The fair value of these equity-linked notes was determined based on quoted price in over-the-counter market at the end of the reporting period.

(ii) The fair values of these listed equity securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

13. Borrowings

During the six months ended 30 June 2017, the Group repaid bank loans totalling US$1,346,000 (six months ended 30 June 2016: US$2,271,000). These bank loans carry interest at London Interbank Offered Rates plus certain basis points. The outstanding bank loans at 30 June 2017 are repayable within 2 to 5 years (31 December 2016: repayable within 3 to 6 years).

The borrowings at 30 June 2017 and 31 December 2016 were secured by the followings:

(i) corporate guarantee from the Company on the outstanding loan balances;

(ii) first preferred mortgage over the vessels held by Zorina Navigation Corp. and Heroic Marine Corp., named "MV Zorina" and "MV Heroic" respectively; and

(iii) assignment of insurance proceeds in respect of vessels MV Zorina and MV Heroic.

The proceeds arising from the loans were used to finance the acquisition of vessels included in property, plant and equipment. The Group has no history of default for repayment of the borrowings.

At 30 June 2017 and 31 December 2016, the Group failed to maintain the financial covenant in relation to the security coverage ratio as stipulated in two borrowing agreements with the relevant banks. The security coverage ratio is equal to the total of the market value of the vessel and the market value of any additional security over the outstanding loan balance. According to the relevant terms of the borrowing agreements, the Group should either provide cash deposit as additional security or early prepay certain portion of the outstanding loan balance amounting to US$8,675,000 (31 December 2016: US$6,441,000) as will enable the security coverage ratio be maintained at the required level. The Group has negotiated with the relevant banks in respect of the failure to maintain the security coverage ratio and the banks have neither requested the Group to provide additional security nor to early repay the borrowings up to the date of this announcement. In light of the above, the shortfall to maintain the security coverage ratio amounting to US$8,675,000 (31 December 2016: US$6,441,000) has been included as the Group's current liabilities and considered as repayable on demand.

14. Share capital

	Number of shares	Amount
	'000	*US$'000*
Authorised:		
As at 1 January 2016, 31 December 2016 and 30 June 2017 (US$0.18 per share)	1,000,000	180,000
Issued and fully paid:		
As at 1 January 2016 and 31 December 2016 (US$0.18 per share)	127,059	22,871
Issue of new shares *(Note (i))*	25,400	4,572
As at 30 June 2017 (US$0.18 per share)	152,459	27,443

All issued ordinary shares have a par value of US$0.18 each (31 December 2016: US$0.18 each), which carry one vote per share and carry the right to dividends as and when declared by the Company.

Notes:

(i) On 18 January 2017, the Company completed a placement of 25,400,000 ordinary shares under general mandate to certain independent third parties at an issue price of HK$3.82 each (the "**Placing**") and recognised an increase in share capital of US$4,572,000 and share premium of US$7,635,000 (after netting off US$313,000 share issue expenses). The net proceeds from the Placing were US$12,207,000. The new shares issued pursuant to the Placing rank pari passu in all respects with the then existing shares.

(ii) On 6 June 2017, the Board proposed to implement a share subdivision by subdividing every one existing share of the Company with par value of US$0.18 each in the share capital of the Company into three subdivided shares of the Company with par value of US$0.06 each (the "**Share Subdivision**"). The Share Subdivision was approved by the shareholders of the Company on 28 June 2017 and became effective on 6 July 2017. Immediate after the Share Subdivision became effective, the authorised share capital of the Company became US$180,000,000 divided into 3,000,000,000 subdivided shares of par value of US$0.06 each, of which approximately 457,377,000 subdivided shares were in issue and were credited as fully paid.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

BUSINESS REVIEW

During the six months ended 30 June 2017, the Group continued to principally engage in the business of marine transportation services, property holding and investment, investment holding and merchandise trading.

The Group achieved an 83% growth in revenue by reporting US$3,364,000 (30 June 2016: US$1,839,000) for the review period and recorded a gross profit of US$629,000 in contrast to the gross loss of US$1,173,000 incurred in the prior period. The rise of the Group's revenue was mainly due to the increase in revenue generated by the Group's merchandise trading business, as well as the first dividend of US$552,000 received from the property investment project in Singapore. The dividend received was also the main contributor to the gross profit recorded by the Group during the current period.

Marine transportation services

During the first half of 2017, the Group's marine transportation business generated revenue of US$845,000, which showed a decline of 49% from the prior period (30 June 2016: US$1,650,000), and recorded an operating loss of US$197,000, that represented a significant decrease of 89% from the prior period (30 June 2016: US$1,865,000). The decline of revenue that coupled with the decrease of operating loss was mainly due to the change in mode of operation of this business since February 2017 by putting the two vessels held, namely MV Zorina and MV Heroic, primarily on time chartering mode rather than on the previous voyage chartering mode. This change in mode of vessel operation greatly enhances the utilisation rate of these vessels by having them on hire on a much longer and continuous term while correspondingly the Group is in a better position to control the vessels' operating costs. Under time chartering, the revenue derived from chartering the vessels is lesser from voyage chartering as the charterer will be responsible for a majority of the vessels' running costs. Based on time chartering contracts on hand, it is expected that the utilization rate of the Group's vessels will be over 90% in year 2017. Nevertheless, the outlook for market conditions of vessel chartering remains competitive and challenging as the Baltic Dry Index ("**BDI**"), which has a close correlation to freight rate, was volatile in the first half of 2017. During the period, BDI was at its low and below 700 points in February 2017, reached its peak and over 1,300 points in March 2017, and was hovering between 800 to 1,200 points level throughout most of the period. In view of the loss making results of this business, the Group will continue to explore various measures that can raise revenue and save costs in order to improve its results.

Property holding and investment

The property holding and investment business continued to deliver a profitable results of US$1,373,000 and contribute revenue of US$668,000 to the Group for the first half of 2017. The Group has leased out its investment property being an office unit in Shun Tak Centre, Sheung Wan, Hong Kong since September 2016 and generated rental income of US$116,000 for the period under review. The investment property was valued at US$7,935,000 at the period end and a revaluation gain of US$645,000 was recognised in the first half of 2017. In addition, the Group holds a 10% interest in a residential property development project in Singapore which was completed in 2016. The Group received the first distribution of profit of US$552,000 from this project in January 2017 and further distributions from this project in later time of the year are expected. During the current period, the Group disposed a subsidiary which holds a residential property in Singapore at a consideration of US$1,500,000 and recorded a gain of US$51,000 on disposal of this subsidiary.

Investment holding

The Group's investment holding business contributed revenue of US$142,000 (30 June 2016: US$116,000) and incurred an operating loss of US$632,000 (30 June 2016: US$81,000) in the first half of 2017. During the current period, the Group continued to invest in listed equity securities and equity-linked notes and has commenced to invest in corporate bonds for the purpose of diversifying the Group's investment portfolio and to broaden its income base. The corporate bonds acquired by the Group were issued by property and aircraft leasing companies listed on the Hong Kong Stock Exchange with yield to maturity upon acquisition of these bonds ranging from approximately 4.7% to 8.75% per annum. For the period under review, the revenue of this business comprised interest income from equity-linked notes and corporate bonds, and loss incurred represented mainly unrealised loss on listed equity securities held at the period end of US$791,000 (30 June 2016: US$228,000). At the period end, the Group's investments classified as "financial assets at fair value through profit or loss" of US$2,996,000 represented a portfolio of listed equity securities held and the Group's investments classified as "available-for-sale investments", both current and non-current portion, totalling US$9,437,000 represented a portfolio of corporate bonds held.

Merchandise trading

The Group continued its merchandise trading business which focusing on trading of consumable goods relating to infant and personal care products during the review period. The business generated revenue of US$1,709,000 (30 June 2016: US$73,000) and recorded an operating loss of US$71,000 (30 June 2016: US$359,000). The sharp rise of the revenue generated by the business was mainly due to the increase of its trading volume and the expanded range of goods traded, whilst the operating loss recorded was mainly due to the promotion expenses incurred during the current period. Subsequent to the period end, the Group has expanded its business scope to electronic components with the view to expand the revenue base and to enhance the performance of this business.

Share of result of a joint venture

During the first half 2017, the Group shared the loss of a joint venture amounting to US$536,000 which mainly related to the decrease in fair value of an industrial property in Shanghai, China held by the joint venture, the property is intended for leasing. The carrying value of the investment in the joint venture was US$4,305,000 at the period end (31 December 2016: US$4,733,000).

Overall results

As a whole, the Group's loss for the period attributable to owners of the Company substantially decreased by 68% down to US$983,000 (30 June 2016: US$3,062,000) that was mainly due to the improved results of the marine transportation and the property holding and investment businesses. Basic and diluted loss per share for the period was US0.22 cent (30 June 2016: US0.80 cent (restated)).

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

During the six months ended 30 June 2017, the Group financed its operation mainly by credit facilities provided by banks and shareholders' funds. At 30 June 2017, the Group had current assets of US$10,482,000 (31 December 2016: US$10,735,000) and liquid assets comprising bank balances and cash, time deposit and investment in listed equity securities totalling US$7,230,000 (31 December 2016: US$5,689,000). The Group's current ratio, calculated based on current assets over current liabilities of US$10,052,000 (31 December 2016: US$9,749,000), was at a ratio of about 1.04 at the period end (31 December 2016: 1.10).

At 30 June 2017, the increase of equity attributable to owners of the Company by 73% to US$26,476,000 (31 December 2016: US$15,303,000) was mainly due to the completion of the placing of 25,400,000 Company's new shares in January 2017 that raised net proceeds of US$12,207,000.

At the period end, the Group's borrowings represented loans from banks for financing the acquisition of vessels. The bank borrowings were denominated in United States dollars, bore interest at floating rates, and secured by the relevant vessels. The following is an analysis of the Group's bank borrowings and maturity profile:

	As at 30 June 2017 *US$'000*	As at 31 December 2016 *US$'000*
Secured bank loans	**18,453**	19,799
Carrying amount repayable:		
Repayable on demand	**8,675**	6,441
Within one year	**–**	1,146
More than one year, but not exceeding two years	**6,087**	2,691
More than two years, but not exceeding five years	**3,691**	6,735
More than five years	**–**	2,786
	18,453	19,799

The Group's finance costs of US$382,000 for the period represented mainly interests for the above bank borrowings, finance costs decreased by 9% compared to prior period (30 June 2016: US$421,000) as there were less bank borrowings during the review period.

The Group's gearing ratio, calculated on the basis of total bank borrowings of US$18,453,000 (31 December 2016: US$19,799,000) divided by total equity of US$26,476,000 (31 December 2016: US$15,303,000), was at a ratio of about 70% at the period end (31 December 2016: 129%). The Group's gearing ratio has improved after the completion of the Company's shares placement in January 2017 as mentioned below.

With the amount of liquid assets on hand as well as credit facilities granted by banks, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement.

Use of proceeds from shares placement

In January 2017, the Company completed the placing of 25,400,000 new shares to independent investors at the price of HK$3.82 per share. The net proceeds from the placing amounted to US$12,207,000 and has been used as intended as general working capital of the Group and for funding of attractive business/investment opportunities. Up to 30 June 2017, a majority of the proceeds has been applied for the operation and development of the Group's investment holding and merchandise trading businesses.

Share Subdivision

On 6 June 2017, the Board proposed to implement a share subdivision by subdividing every one existing share of the Company with par value of US$0.18 each in the share capital of the Company into three subdivided shares of the Company with par value of US$0.06 each. The Share Subdivision was approved by the shareholders of the Company on 28 June 2017 and became effective on 6 July 2017.

PROSPECTS

The Board is of the view that the operating environment of the Group's marine transportation business will continue to be challenging in the near term and the management has already adopted various measures aiming to improve its financial performance. As for the Group's remaining businesses, namely, property holding and investment, investment holding and merchandise trading, the management will continue to step up its effort to improve their results and to seize attractive business/investment opportunities that can create value to shareholders.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Hong Kong Listing Rules throughout the six months ended 30 June 2017 except for the following deviation with reason as explained:

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

During the six months ended 30 June 2017, there has been a deviation from the code provision A.4.1 before 29 March 2017 since Mr. Ngiam Zee Moey, ("**Mr. Ngiam**"), an Independent Non-executive Director, was not appointed for a specific term but was subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's Bye-laws. However, the aforesaid deviation was rectified and the code provision A.4.1 has been complied with as Mr. Ngiam has entered into a letter of appointment with the Company with a specific term on 29 March 2017.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2017 have not been audited, but have been reviewed by the Audit Committee of the Company and are duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 29 August 2017

As at the date of this announcement, the Board comprises Mr. Sue Ka Lok (Chairman) and Ms. Chan Yuk Yee as Executive Directors and Mr. Ngiam Zee Moey, Mr. Zhou Qijin and Mr. To Yan Ming, Edmond as Independent Non-executive Directors.