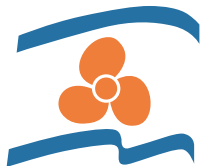


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COURAGE MARINE GROUP LIMITED

勇利航業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: ATL.SI)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Board (the “Board”) of Directors (the “Directors”) of Courage Marine Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 together with the comparative figures for the previous year as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Notes</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Revenue	5	6,643	16,535
Cost of sales		<u>(11,073)</u>	<u>(19,732)</u>
Gross loss		(4,430)	(3,197)
Other income	6	464	341
Other gains and losses	7	(5,833)	1,437
Administrative expenses		(3,430)	(3,212)
Impairment loss on property, plant and equipment		(20,651)	(2,900)
Other expenses	8	(1,870)	(820)
Finance costs	9	<u>(1,091)</u>	<u>(1,363)</u>
Loss before tax		(36,841)	(9,714)
Income tax expense	10	<u>(2)</u>	<u>(10)</u>
Loss for the year attributable to owners of the Company	11	<u>(36,843)</u>	<u>(9,724)</u>
Other comprehensive income (expense) for the year, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Surplus on revaluation of leasehold land and building		456	782
Deferred tax liability arising on revaluation of leasehold land and building		<u>(65)</u>	<u>(121)</u>
Other comprehensive income for the year		<u>391</u>	<u>661</u>
Total comprehensive expense for the year attributable to owners of the Company		<u>(36,452)</u>	<u>(9,063)</u>
			(Restated)
Loss per share attributable to owners of the Company (US cents)	12		
– basic and diluted		<u>34.4</u>	<u>9.18</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Non-current assets			
Property, plant and equipment		32,886	68,711
Interest in a joint venture		5,330	5,330
Long-term receivables and deposits		1,816	5,329
Available-for-sale investment		79	79
		<hr/>	<hr/>
Total non-current assets		40,111	79,449
		<hr/>	<hr/>
Current assets			
Trade receivables	14	–	156
Other receivables and prepayments		4,142	3,160
Amount due from a joint venture		669	553
Held-for-trading investments		–	444
Pledged/restricted bank deposits		3,697	4,361
Cash and cash equivalents		10,407	8,883
		<hr/>	<hr/>
Total current assets		18,915	17,557
		<hr/>	<hr/>
Total assets		59,026	97,006
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Current liabilities			
Other payables and accruals		1,633	2,193
Borrowings – due within one year		2,691	4,024
Total current liabilities		4,324	6,217
Capital and reserves			
Share capital	<i>15</i>	22,871	19,059
Share premium		34,872	28,027
Revaluation reserve		2,125	1,734
Other reserve		1,531	1,531
(Accumulated losses) retained profits		(28,872)	7,971
Total equity		32,527	58,322
Non-current liabilities			
Deferred taxation		376	311
Borrowings – due more than one year		21,799	32,156
Total non-current liabilities		22,175	32,467
Total liabilities and equity		59,026	97,006
Net current assets		14,591	11,340
Total assets less current liabilities		54,702	90,789

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. The registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is at Suite 1801, West Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”). The consolidated financial statements are presented in United States dollars (“US\$”), which is the functional currency of the Company, and all values in the tables are rounded to the nearest thousand (US\$’000) as indicated.

The Company acts as an investment holding company.

There are no significant changes to the principal activities of the Company and the Group during the year ended 31 December 2015.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to International Financial Reporting Standards (“IFRSs”) for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 - 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 - 2013 Cycle

The application of the other new or revised IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK (the “Listing Rules”) and the disclosure requirements by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and leasehold land and building that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on provision of marine transportation service. The Executive Directors monitor the revenue of marine transportation service based on the voyage charter and time charter service income of dry bulk carriers of different sizes and their utilisation rates for the purpose of making decisions about resource allocation and performance assessment. However, other than revenue analysis, no operating results and other discrete financial information is available for the resource allocation and performance assessment. The results of ship management service activities are insignificant to the Group and were not regularly reviewed by the chief operating decision maker (the Executive Directors).

The Board reviews the loss for the year of the Group prepared in accordance with accounting policies as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the Board.

The revenue of the dry bulk carriers of different sizes is analysed as follows:

For the year ended 31 December 2015

	Voyage charter <i>US\$'000</i>	Time charter <i>US\$'000</i>	Total <i>US\$'000</i>
Dry bulk carriers			
– Supermax	6,116	–	6,116
– Panamax	<u>527</u>	<u>–</u>	<u>527</u>
	<u>6,643</u>	<u>–</u>	<u>6,643</u>

For the year ended 31 December 2014

	Voyage charter <i>US\$'000</i>	Time charter <i>US\$'000</i>	Total <i>US\$'000</i>
Dry bulk carriers			
– Capesize	3,039	–	3,039
– Supermax	9,752	187	9,939
– Panamax	<u>3,557</u>	<u>–</u>	<u>3,557</u>
	<u>16,348</u>	<u>187</u>	<u>16,535</u>

Due to the nature of the provision of vessel chartering services, which are carried out internationally, the Directors consider that it is not meaningful to provide geographical financial information concerning revenue and location of non-current assets of the Group. Accordingly, financial information about geographical areas is not presented.

5. REVENUE

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Marine transportation services income:		
– Vessel voyage charter	6,643	16,348
– Time charter	–	187
	<u>6,643</u>	<u>16,535</u>

6. OTHER INCOME

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Dividend income from listed investments	20	20
Rental income	–	14
Interest income from banks	67	62
Imputed interest income on long-term receivable	246	237
Sundry income	131	8
	<u>464</u>	<u>341</u>

7. OTHER GAINS AND LOSSES

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
(Loss) gain on disposal of property, plant and equipment	(5,335)	1,475
Change in fair value of held-for-trading investments	70	(6)
Change in fair value of investment property	–	15
Net foreign exchange loss	(568)	(47)
	<u>(5,833)</u>	<u>1,437</u>

8. OTHER EXPENSES

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Impairment loss on deposits paid	1,685	476
Impairment loss on other receivables	26	98
Impairment loss on trade receivables	146	–
Discount effect on long-term loan advanced to Santarli Realty Pte. Ltd.	–	246
Property, plant and equipment written off	13	–
	<u>1,870</u>	<u>820</u>

9. FINANCE COSTS

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Interest expenses from borrowings	1,008	1,319
Other finance costs	<u>83</u>	<u>44</u>
	<u>1,091</u>	<u>1,363</u>

10. INCOME TAX EXPENSE

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Current tax:		
Enterprise income tax of the People's Republic of China ("PRC")	<u>2</u>	<u>10</u>

Enterprise income tax of the PRC is calculated at 25% of the assessable profit of a representative office in Shanghai, PRC for both years.

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

11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Auditor's remuneration:		
– paid to auditors of the Company	285	313
Non audit assurance services fees:		
– paid to other auditors	2	27
Employee benefits expense (including Directors' emoluments):		
– Contributions to retirement benefits scheme	32	34
– Salaries and other benefits	<u>814</u>	<u>1,621</u>
Total employee benefits expense	846	1,655
Marine crew expenses	2,257	2,723
Fuel expenses	4,066	9,703
Depreciation for property, plant and equipment	<u>1,945</u>	<u>2,289</u>

12. LOSS PER SHARE

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

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Loss		
Loss for the year attributable to owners of the Company	<u>(36,843)</u>	<u>(9,724)</u>
	2015 '000	2014 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares in issue during the year	<u>107,217</u>	<u>105,883</u>

Note: Weighted average number of ordinary shares in issue and basic loss per share were stated after taking into account the effect of the share consolidation that took place on 7 May 2015 and the placing of new shares completed on 8 December 2015. Comparative figure has also been restated on the assumption that the share consolidation had been effective in the year ended 31 December 2014.

No diluted loss per share were presented for both years as there were no potential ordinary shares outstanding during the years ended 31 December 2015 and 2014.

13. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 December 2015, nor has any dividend been proposed by the Directors for both years ended 31 December 2014 and 2015 since the end of reporting period.

14. TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks (31 December 2014: 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. An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
0 to 30 days	<u>-</u>	<u>156</u>

Movements in the allowance for doubtful debts

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Balance at the beginning of the year	–	–
Impairment loss on trade receivables	<u>146</u>	<u>–</u>
Balance at the end of the year	<u><u>146</u></u>	<u><u>–</u></u>

There are no trade receivables (31 December 2014: US\$156,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss.

Aging of trade receivables which are past due but not impaired:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
0 to 30 days	<u>–</u>	<u>156</u>

The Group had not provided for the trade receivables which are past due but not impaired in prior year because the management of the Group considered that those receivables were recoverable based on the good settlement track record of the customers. No interest was charged on the outstanding trade receivables. The Group did not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period and considers to make impairment losses for irrecoverable amount, if necessary.

The Group's trade receivables are mainly denominated in US\$ which are also the functional currency of the respective entities in the Group.

15. SHARE CAPITAL

	Number of shares '000	Amount US\$'000
Authorised:		
As at 1 January 2014 and 31 December 2014 (US\$0.018 per share)	10,000,000	180,000
Share consolidation (<i>Note i</i>)	<u>(9,000,000)</u>	<u>—</u>
As at 31 December 2015 (US\$0.18 per share)	<u>1,000,000</u>	<u>180,000</u>
Issued and fully paid:		
As at 1 January 2014 and 31 December 2014 (US\$0.018 per share)	1,058,829	19,059
Share consolidation (<i>Note i</i>)	(952,946)	—
Placing of new shares (<i>Note ii</i>)	<u>21,176</u>	<u>3,812</u>
As at 31 December 2015 (US\$0.18 per share)	<u>127,059</u>	<u>22,871</u>

Fully paid ordinary shares, which have a par value of US\$0.18 each (31 December 2014: US\$0.018 each), carry one vote per share and carry right to dividends as and when declared by the Company.

Notes:

- (i) At the special general meeting of the Company held on 29 April 2015, shareholders approved the share consolidation on the basis that every ten issued and unissued ordinary shares of par value of US\$0.018 each to be consolidated into one ordinary share of par value of US\$0.18 each effective from 7 May 2015 (fractional entitlements being disregarded).
- (ii) On 8 December 2015, the Company completed a placement of 21,176,000 ordinary shares under general mandate to certain independent third parties at an issue price of HK\$4 each (the “Placing”) and recognised an increase in share capital of US\$3,812,000 and share premium of US\$6,845,000 (after netting off the share issue expenses of US\$355,000). The Company intends to use the net proceeds of approximately HK\$82,200,000 from the Placing as general working capital of the Group and/or funding of attractive business/investment opportunities if so arise. These shares rank *pari passu* in all respects with the then existing shares.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

Revenue

The Group's turnover decreased by 60% from approximately US\$16.5 million in the financial year ended 31 December 2014 ("FY2014") to approximately US\$6.6 million in the financial year ended 31 December 2015 ("FY2015"). The dry bulk market remained under intense pressure and the Baltic Dry Index ("BDI") was around 1,000 level for most of the time during FY2015.

Profitability

The Group's cost of sales decreased by 44% from approximately US\$19.7 million in FY2014 to approximately US\$11.1 million in FY2015. The Group recorded a gross loss of approximately US\$4.4 million in FY2015 compared to a gross loss of approximately US\$3.2 million in FY2014.

Other income

Other income consists of interest income from banks and certificate of deposit, sundry income, and other one-off income. The Group recorded other income of approximately US\$464,000 in FY2015, an increase of 36% compared to approximately US\$341,000 in FY2014. This was largely due to an one-off sundry income received in FY2015.

Other gains and losses

Other gains and losses consist of changes in fair value of investment property, changes in fair value of held-for-trading investments, gains and losses on the disposal of fixed assets and exchange gains and losses. The Group recorded net other loss of approximately US\$5.8 million in FY2015 compared to net other gain of approximately US\$1.4 million in FY2014 which was mainly a result of the loss recognised for the disposals of MV Cape Pioneer and MV Courage during FY2015.

Administrative expenses

Administrative expenses increased by approximately 7% from approximately US\$3.2 million in FY2014 to approximately US\$3.4 million in FY2015 as the Group had an one-off long service payment expense for the discontinuation of the operations of Taiwan and Shanghai offices.

Other expenses

The Group had recorded other expenses of approximately US\$1.9 million in FY2015 compared to approximately US\$0.8 million in FY2014 as the Group had recorded further impairment provision on the other deposits paid for a purchase contract of coal of approximately US\$1.7 million in FY2015.

Impairment loss on property, plant and equipment

The Group conducted a review of the Group's vessels and other assets and determined that a number of those assets were impaired. The Group recorded impairment loss on property, plant and equipment for approximately US\$20.7 million in FY2015 in respect of the vessels in light of the decrease in revenue and market value of the vessels and scrap materials. The recoverable amount of the vessels has been determined on the basis of their fair value less cost to sell. The Group recorded an impairment loss on vessels of approximately US\$2.9 million in FY2014.

Finance costs

The Group recorded finance costs of approximately US\$1.1 million in FY2015 compared to approximately US\$1.4 million in FY2014 mainly due to less bank borrowings.

Income tax expenses

The Group's subsidiaries recorded an income tax expense of approximately US\$2,000 during FY2015 compared to approximately US\$10,000 in FY2014.

Net loss

Overall, the Group recorded a higher net loss of approximately US\$36.8 million in FY2015 compared to a net loss of approximately US\$9.7 million in FY2014. This was mainly due to less chartering activities coupled with lower freight rates, loss on disposals of MV Cape Pioneer and MV Courage, and impairment loss of vessels' value in use.

Other comprehensive income

The Group recorded a gain on revaluation of owner-occupied property of approximately US\$0.5 million in FY2015 compared to a gain of approximately US\$0.8 million in FY2014.

The Group recorded a deferred tax charge on revaluation of leasehold land and building of approximately US\$65,000 in FY2015 compared to a deferred tax charge of approximately US\$121,000 in FY2014.

Long-term receivables and deposits

The decrease of long-term receivables and deposits from approximately US\$5.3 million as at 31 December 2014 to approximately US\$1.8 million as at 31 December 2015 was mainly due to the reclassification of an interest-free loan of approximately US\$3.9 million (in relation to a property development project in Singapore) to current assets and further impairment provision of approximately US\$1.7 million recognised on the other deposit paid for a purchase contract of coal.

(II) FINANCIAL REVIEW

Gearing ratios

The Group's gearing ratios (being calculated as the Group's total liabilities divided by the Group's total equity) for the years ended 31 December 2014 and 2015 were approximately 66.3% and 81.5% respectively. The increase of the Group's gearing ratio was mainly due to the decrease of the Group's equity during such period.

	As at 31 December 2015 US\$'000	As at 31 December 2014 US\$'000
Other payables and accruals	1,633	2,193
Borrowings – due within one year	2,691	4,024
Borrowings – due after one year	21,799	32,156
Deferred taxation	376	311
	<hr/>	<hr/>
Total liabilities	26,499	38,684
	<hr/>	<hr/>
Total equity	32,527	58,322
	<hr/>	<hr/>
Gearing ratio	81.5%	66.3%
	<hr/>	<hr/>
	2015	2014
	US\$'000	US\$'000
	<hr/>	<hr/>
Secured bank loans	24,490	36,180
	<hr/>	<hr/>
Carrying amount repayable:		
Within one year	2,691	4,024
More than one year, but not exceeding two years	2,691	4,024
More than two years, but not exceeding five years	13,176	21,054
More than five years	5,932	7,078
	<hr/>	<hr/>
	24,490	36,180
	<hr/>	<hr/>

(III) PROSPECTS

The dry bulk market remained difficult during the recent months. The BDI, which has a close correlation to freight rates, reached the all time low of 200 level recently. Low demand of commodities in the Greater China Region, especially during the Chinese New Year period, and over-supply of vessels has led to more pressure on the freight rates in dry bulk market.

The updated tonnage of the Group fleet is approximately 114,000 dwt after disposing MV Cape Pioneer in June 2015 and MV Courage in December 2015. Fleet utilisation and freight rates are expected to remain low for 2016. Owing to difficult operating environment facing by the Group, the management will continue to explore various options for reducing costs and look for attractive investment/business opportunities which may arise that are expected to bring value to shareholders.

(IV) DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (31 December 2014: Nil).

(V) SUPPLEMENTARY INFORMATION

1. *Contingent Liabilities*

As at 31 December 2015, the Group has no material contingent liabilities (31 December 2014: Nil).

2. *Material Litigation and Arbitration*

As at 31 December 2015, the Group was not involved in any litigation or arbitration.

3. *Audit Committee*

The Audit Committee has reviewed the accounting principles and standards adopted by the Group, and discussed and reviewed the Group's internal control and reporting matters. The final results for the year ended 31 December 2015 have been reviewed by the Audit Committee.

4. *Compliance with the Code on Corporate Governance Practices*

The Company devotes the best practice on corporate governance, and has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2015, except for the following deviation:

Under the Code Provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, two of the Independent Non-executive Directors, namely Mr. Foo Meng Kee and Mr. Ngiam Zee Moey, are not appointed for specific terms but are 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.

5. *Compliance with the Model Code for Securities Transactions by Directors of Listed Issuer*

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Board confirms that, having made specific enquiries with all the Directors, during the year ended 31 December 2015, all the Directors have complied with the required standards of the Model Code.

6. *Purchase, Sale or Redemption of the Company’s Listed Securities*

For the year ended 31 December 2015, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

7. *Employees and Remuneration Policy*

As at 31 December 2015, there were 8 (31 December 2014: 23) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

8. Publication of Results Announcement and Annual report

The results announcement shall be published on the websites of the SEHK (www.hkex.com.hk), SGX-ST (www.sgx.com) and the Company (www.couragemarine.com). The Company's annual report for the year ended 31 December 2015 containing all information required by the Listing Rules will be despatched to shareholders and available on the same websites in due course.

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

Hong Kong, 26 February 2016

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