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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)

MAJOR TRANSACTION
DISPOSAL OF VESSEL – MV ZORINA

THE DISPOSAL

On 8 February 2017 (after trading hours), the Seller, an indirect wholly owned subsidiary of the Company, entered into the MOA with the Buyer, pursuant to which the Seller agreed to sell and the Buyer agreed to purchase the Vessel at the Consideration of US\$7,350,000, subject to the terms and conditions as set out therein.

LISTING RULES IMPLICATIONS

As the relevant percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) for the Disposal is more than 25% but below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal and the transactions contemplated thereunder. A circular, containing, among others (i) further details of the MOA and the transactions contemplated thereunder; (ii) other information required under the Listing Rules; and (iii) the notice of SGM in relation to the Disposal will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 1 March 2017.

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

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

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THE MOA

Date: 8 February 2017 (after trading hours)

Parties:

(1) Seller : Zorina Navigation Corp.; and

(2) Buyer : Universal Ship Investment Corp.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Asset to be disposed:

Pursuant to the MOA, the Seller agreed to sell and the Buyer agreed to purchase the Vessel named "MV Zorina" which is a Supermax size vessel with carrying capacity of approximately 57,000 dwt.

Consideration:

The Consideration for the sale and purchase of the Vessel shall be US\$7,350,000 payable by the Buyer in the following manner:

- (i) a deposit of ten per cent (10%) of the Consideration (the "**Deposit**") shall be placed into the Seller's bank account within three (3) Banking Days after signing of the MOA; and
- (ii) the balance of ninety per cent (90%) of the Consideration shall be paid in full free of bank charges to the Seller's bank account on the date of Completion, which shall be no later than one (1) Banking Day prior to the estimated date of delivery of the Vessel in accordance with the terms and conditions of the MOA.

The Consideration was arrived at after arm's length negotiations between the Seller and the Buyer with reference to (i) market intelligence the Company has gathered from its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of built in the

market; (ii) the fair value of the Vessel in continued use as at 31 December 2016 in the amount of US\$7,280,000 based on a valuation report prepared by an independent valuer; and (iii) the prospects of vessel chartering business under the current challenging operating environment.

The Directors consider the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Condition Precedent:

Completion of the MOA is conditional upon approval by the Shareholders of the MOA and the transactions contemplated thereunder at the SGM, in compliance with the requirements of the Listing Rules.

If the above condition is not fulfilled within 90 days after payment of the Deposit, the MOA shall be terminated automatically and the Seller shall return the Deposit in full to the Buyer without interest. Accordingly, none of the parties to the MOA shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the MOA).

Completion and Delivery of the Vessel:

The Vessel is to be delivered on or before 31 May 2017 and the Buyer has an option to cancel the MOA if delivery of the Vessel shall not take place by 31 May 2017.

Completion takes place upon receipt of the balance of the Consideration by the Seller, whereupon the Seller shall procure physical delivery of the Vessel and documents relating to the Disposal to the Buyer. The Directors currently expect that the Completion and delivery of the Vessel will take place on or before 31 May 2017.

Upon Completion, the Group will not hold any interests in the Vessel.

INFORMATION ON THE COMPANY, THE GROUP AND THE SELLER

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 Seller is a limited liability company incorporated in the Republic of Panama and a wholly owned subsidiary of the Company. The principal activity of the Seller is provision of marine transportation services and its major asset is the Vessel.

INFORMATION ON THE BUYER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer is a limited liability company incorporated under the laws of the Republic of Panama and its principal activity is investment holding.

INFORMATION ON THE VESSEL

The Vessel is a Supermax size vessel with carrying capacity of approximately 57,000 dwt. named "MV Zorina" with its flag state is Panama.

According to the unaudited management accounts of the Seller, the unaudited carrying value of the Vessel as at 31 December 2016 was approximately US\$7,280,000.

As the major asset of the Seller is the Vessel, the Company considers that the financial position of the Seller should be a good reflection of the income/loss attributable to the Vessel. Set out below is the unaudited financial information of the Seller for the years ended 31 December 2014, 2015 and 2016:

	For the year ended 31 December		
	2016	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	1,504	3,089	5,019
Loss before tax	(7,742)	(10,592)	(2,584)
Loss after tax	(7,742)	(10,592)	(2,584)

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Subject to audit, it is estimated that the Group will record a loss on the Disposal of approximately US\$114,000 for the year ending 31 December 2017, which will be reflected in the consolidated profit or loss account of the Group for the year ending 31 December 2017. The estimated loss on the Disposal is the difference between the net proceeds of approximately US\$7,166,000 (after deducting the sales commission payable to the broker which is equivalent to 2.5% of the Consideration) and the carrying value of the Vessel of US\$7,280,000 as at 31 December 2016.

Apart from the loss on the Disposal to be reflected in the consolidated profit or loss account of the Group for the year ending 31 December 2017, it is estimated that the Disposal would not have a material impact on the Group's financial position or performance.

The Group intends to apply the net proceeds from the Disposal to repay the bank loan which is secured by the Vessel.

REASONS FOR THE DISPOSAL

In consideration that (i) the operating environment of the dry bulk market has been very challenging throughout the recent years as indicated by the Baltic Dry Index, which has a close correlation to freight rates, was hovering at the low levels between 291 to 1,257 points during 2016 (compared to its five-year peak in December 2013 of about 2,330 points); (ii) it is expected that due to the lower demand of commodities in the Greater China Region and over-supply of vessels, the fleet utilisation and freight rates shall remain low in the near future; (iii) the Vessel had been incurring operating losses for the last three financial years ended 31 December 2016, and (iv) the Board believes that the proposed Disposal offers a good opportunity to release the Group from incurring further cash outflow to maintain the operation of the Vessel, the Seller therefore entered into the MOA to effect the Disposal and the Directors believe that the terms and conditions of the Disposal are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

As the relevant percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) for the Disposal is more than 25% but below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Banking Day(s)”	a day/days on which commercial banks are open for business in New York/London/Belgium
“Board”	the Board of Directors

“Buyer”	Universal Ship Investment Corp., a company incorporated in the Republic of Panama, the buyer under the MOA
“Company”	Courage Marine 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 SEHK and secondarily listed on the Singapore Exchange Securities Trading Limited
“Completion”	completion of the sale and purchase of the Vessel in accordance with the terms and conditions under the MOA
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and “connected” shall be construed accordingly
“Consideration”	the consideration of US\$7,350,000 payable by the Buyer to the Seller
“Directors”	the directors of the Company
“Disposal”	the disposal by the Seller of the Vessel subject to and upon the terms and conditions of MOA
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the SEHK
“MOA”	a memorandum of agreement dated 8 February 2017 entered into between the Seller as the seller and the Buyer as the buyer
“Seller”	Zorina Navigation Corp., a company incorporated in the Republic of Panama and a wholly owned subsidiary of the Company, the seller under the MOA
“SEHK”	The Stock Exchange of Hong Kong Limited

“SGM”	the special general meeting of the Company to be held for the Shareholders to consider and approve, among other things, the MOA and the Disposal
“Shareholders”	the shareholders of the Company
“Supermax”	dry bulk vessels with gear and with size ranging from approximately 50,000 to 60,000 dwt.
“US\$”	United States dollars, the lawful currency of the United States of America
“Vessel”	MV Zorina, a Supermax size vessel with carrying capacity of approximately 57,000 dwt., and beneficially owned by the Seller
“%”	per cent

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

Hong Kong, 8 February 2017

As at the date of this announcement, the Board comprises Mr. Sue Ka Lok (Chairman), Mr. Lai Ming Wai (Chief Executive Officer) 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.