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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)

OVERSEAS REGULATORY ANNOUNCEMENT 2016 FIRST QUARTERLY RESULTS

This overseas regulatory announcement is made by Courage Marine Group Limited (the “Company”) pursuant to the disclosure obligations under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

The attached announcement relating to the financial statements of the Company and its subsidiaries for the first quarter ended 31 March 2016 issued on 13 May 2016 is prepared in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited. The financial information set out in the announcement has been prepared in accordance with the International Financial Reporting Standards and has not been audited. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

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

Hong Kong, 13 May 2016

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

* *For identification purposes only*



COURAGE MARINE GROUP LIMITED

勇利航業集團有限公司

(Incorporated in Bermuda on 5 April 2005)

(Company Registration no: 36692)

Unaudited results for the First Quarter Ended 31 March 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a)(i) Income Statement for the First Quarter Ended 31 March 2016

	Group		
	US\$'000		%
	Q1 2016	Q1 2015	Change
Revenue	561	1,227	(54)
Cost of sales	(1,350)	(2,868)	(53)
Gross loss	(789)	(1,641)	(52)
Other income	7	55	(87)
Other gains and losses	(212)	11	NM
Administrative expenses	(292)	(513)	(43)
Finance costs	(210)	(294)	(29)
Loss before income tax	(1,496)	(2,382)	(37)
Income tax credit (expense)	4	(2)	NM
Loss for the period attributable to owners of the Company	(1,492)	(2,384)	(37)
Other comprehensive income for the period, net of income tax: <i>Item that will not be reclassified subsequently to profit or loss:</i>			
Surplus on revaluation of leasehold and building	-	-	NM
Total comprehensive expense for the period attributable to owners of the Company	(1,492)	(2,384)	(37)

1(a)(ii) Additional Information

	Group		
	US\$'000		%
	Q1 2016	Q1 2015	Change
Loss before tax is arrived after (charging) / crediting:			
Other incomes including interest income	7	55	(87)
Interest on borrowings	(210)	(294)	(29)
Depreciation and amortisation	(226)	(612)	(63)
Changes in fair value of held-for-trading investments	(204)	9	NM
(Loss) gain on foreign exchange (net)	(8)	2	NM

NOTES

NM denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	US\$'000	US\$'000	US\$'000	US\$'000
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
ASSETS				
Current assets				
Cash and cash equivalents	3,654	10,407	2,524	10,708
Trade receivables	83	-	-	-
Other receivables and prepayments	5,631	4,142	425	35
Inventories	44	-	-	-
Amounts due from a joint venture	669	669	-	-
Held-for-trading investments	3,688	-	-	-
Pledged/restricted bank deposits	3,697	3,697	3,697	-
Total current assets	17,466	18,915	6,646	10,743
Non-current assets				
Property, plant and equipment	32,997	32,886	-	-
Interest in a joint venture	5,330	5,330	-	-
Amounts due from subsidiaries	-	-	22,589	18,057
Long-term receivables and deposits	2,057	1,816	-	-
Available-for-sale investment	79	79	-	-
Total non-current assets	40,463	40,111	22,589	18,057
Total assets	57,929	59,026	29,235	28,800
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Other payables and accruals	2,361	1,633	1,230	677
Bank borrowings - due within one year	2,691	2,691	-	-
Total current liabilities	5,052	4,324	1,230	677
Non-current liabilities				
Deferred taxation	376	376	-	-
Bank borrowings - due after one year	21,126	21,799	-	-
Total non-current liabilities	21,502	22,175	-	-
Capital and reserves				
Share capital	22,871	22,871	22,871	22,871
Share premium	34,872	34,872	34,872	34,872
Property revaluation reserve	2,125	2,125	-	-
Other reserve	1,531	1,531	-	-
Accumulated losses	(30,364)	(28,872)	(29,738)	(29,620)
Total	31,035	32,527	28,005	28,123
Non-controlling Interests	340	-	-	-
Total equity	31,375	32,527	28,005	28,123
Total liabilities and equity	57,929	59,026	29,235	28,800
Net current assets	12,414	14,591	5,416	10,066
Total assets less current liabilities	52,877	54,702	28,005	28,123

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31/03/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$2,691,000	-	US\$2,691,000	-

Amount repayable after one year

As at 31/03/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$21,126,000	-	US\$21,799,000	-

Details of any collateral

Secured borrowings are generally secured by:

- 1 Corporate guarantee from Courage Marine Group Limited on the outstanding loan balance,
- 2 First preferred mortgage over the vessels held by Heroic Marine Corp. and Zorina Navigation Corp., namely "MV Heroic" and "MV Zorina", respectively, and
- 3 Assignment of insurance in respect of MV Heroic and MV Zorina.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	US\$'000	
	Q1 2016	Q1 2015
Operating activities		
Loss before income tax	(1,496)	(2,382)
Adjustments for		
Interest income	(43)	(55)
Interest expense	210	294
Change in fair value of held-for-trading investments	204	(9)
Depreciation of property, plant and equipment	226	612
Operating cash flows before movements in working capital	(899)	(1,540)
(Increase) in trade receivables	(83)	(194)
(Increase) decrease in other receivables and prepayments	(229)	215
(Increase) in held-for-trading investments	(3,688)	-
Increase (decrease) in other payables and accruals	329	(1,648)
Cash (used in) operations	(4,570)	(3,167)
Income tax credit (paid)	4	(2)
Interest income received	43	55
Interest expense paid	(210)	(294)
Net cash (used in) operating activities	(4,733)	(3,408)
Investing activities		
Purchase of property, plant and equipment	(337)	(141)
Deposits for acquisition of property, plant and equipment and investment properties	(241)	-
Consideration paid for acquisition of subsidiaries, net of bank balance and cash acquired	(769)	-
Placement of pledged bank deposits	-	(8)
Advance to a joint venture	-	(58)
Net cash (used in) investing activities	(1,347)	(207)
Financing activities		
Repayment of loans	(673)	(1,006)
Net cash (used in) financing activities	(673)	(1,006)
Net (decrease) in cash and cash equivalents	(6,753)	(4,621)
Cash and cash equivalents at beginning of the period	10,407	8,883
Cash and cash equivalents at end of the period	3,654	4,262

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Share Premium	Property Revaluation Reserve	Other Reserve	Retained profits/ (Accumulated losses attributable to the shareholders)	Total	Non-controlling Interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group								
Balance at 1 January 2015	19,059	28,027	1,734	1,531	7,971	58,322	-	58,322
Loss for the period	-	-	-	-	(2,384)	(2,384)	-	(2,384)
Balance at 31 March 2015	19,059	28,027	1,734	1,531	5,587	55,938	-	55,938
Balance at 1 January 2016	22,871	34,872	2,125	1,531	(28,872)	32,527	-	32,527
Acquisition of interests in subsidiaries	-	-	-	-	-	-	340	340
Loss for the period	-	-	-	-	(1,492)	(1,492)	-	(1,492)
Balance at 31 March 2016	22,871	34,872	2,125	1,531	(30,364)	31,035	340	31,375

	Share Capital	Share Premium	Accumulated losses attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000
The Company				
Balance at 1 January 2015	19,059	28,027	(8,775)	38,311
Loss for the period	-	-	(108)	(108)
Balance at 31 March 2015	19,059	28,027	(8,883)	38,203
Balance at 1 January 2016	22,871	34,872	(29,620)	28,123
Loss for the period	-	-	(118)	(118)
Balance at 31 March 2016	22,871	34,872	(29,738)	28,005

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There has been no change in the Company's share capital since the end of the previous period reported on.

The Company does not have any outstanding convertibles as at 31 March 2016 and 31 December 2015.

1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 31/03/2016	As at 31/12/2015
127,058,928	127,058,928

1 (d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no shares being held as treasury shares by the Company as at 31 March 2016.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures for FY2015 have been audited.

The figures for Q1 2016 / Q1 2015 have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has adopted the same accounting policies and method of computation in the financial statements for the current period compared with the financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings)

	Group	
	Q1 2016	Q1 2015
	US Cents	US Cents
a Based on the weighted average number of ordinary shares on issue	(1.17)	(2.25)
b On a fully diluted basis	(1.17)	(2.25)

Notes:

The loss per ordinary share is calculated by dividing the consolidated loss attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period reported on.

The fully diluted loss per ordinary share is the same as the loss per ordinary share as there were no potential ordinary shares outstanding during the financial period.

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. Comparative figures have also been restated on the assumption that the share consolidation had been effective in the prior period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year

	Group		Company	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	24.69	25.60	22.04	22.13

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover

1Q2016

The Group's total revenue decreased by 54% from approximately US\$1.2 million in 1Q15 to approximately US\$0.6 million in 1Q16, of which revenue from ships chartering decreased to approximately US\$0.53 million, reflecting the low demand for the dry bulk market continued during 1Q16. The Baltic Dry Index (the "BDI") remained low and was at the all time low of 200 to 300 level during most of 1Q16. The Group's investments in equity linked notes ("ELN") had generated revenue, being interest income, of approximately US\$40,000 during the quarter.

Profitability

1Q2016

The Group's cost of sales decreased by 53% from approximately US\$2.9 million in 1Q15 to approximately US\$1.4 million in 1Q16. It was mainly due to less costs consumed with less vessels being operated. The Group recorded a gross loss of approximately US\$0.8 million in 1Q16 compared to approximately US\$1.6 million in 1Q15.

Other income comprised of interest income from bank and certificate of deposit, sundry income, and other one-off income. The Group recorded other income of approximately US\$7,000 in 1Q16, a decrease of 87% compared to 1Q15 mainly due to a one-off interest income received in 1Q15.

Other gains and losses comprised of changes in the fair value of investment property, changes in fair value of held-for-trading investments, gains and losses on disposal of fixed assets and exchange gains and losses. The Group recorded an other loss of approximately US\$0.2 million in 1Q16 compared to an other gain of approximately US\$11,000 in 1Q15, it was due mainly to the loss from changes in fair value of held-for-trading investments and exchange losses.

Administrative expenses decreased by 43% from approximately US\$0.5 million in 1Q15 to approximately US\$0.3 million in 1Q16 as the Group had less staff costs and office expenses after discontinuing the operations of the Shanghai and Taiwan offices in 4Q15.

The Group recorded finance costs of approximately US\$0.2 million in 1Q16 compared to approximately US\$0.3 million in 1Q15 mainly due to less bank borrowings.

The Group's subsidiaries recorded an income tax credit of approximately US\$4,000 during 1Q16, and recorded income tax expenses of approximately US\$2,000 during 1Q15.

Overall, the Group recorded a lower net loss of approximately US\$1.5 million in 1Q16 as less gross loss was incurred resulting from the lesser number of vessels being operated by the Group.

Balance Sheet

The increase of the Group's other receivables and prepayments compared to 31 December 2015 was mainly related to the newly acquired subsidiaries ("Newly Acquired Subsidiaries") as announced by the Company on 31 March 2016.

The Group had approximately US\$44,000 of inventories as at 31 March 2016 which represented the inventories of the Newly Acquired Subsidiaries.

The Group had approximately US\$3.7 million of held-for-trading investments as at 31 March 2016 representing its investments in listed equity securities and ELN.

The Group had approximately US\$0.3 million of non-controlling interests which represented the interests of minority shareholders of the Newly Acquired Subsidiaries.

Cashflow

There was a net decrease in cash and cash equivalents of approximately US\$6.8 million in 1Q16 as the Group had invested approximately US\$3.7 million in listed equity securities and ELN, applied approximately US\$0.8 million for the acquisition of the Newly Acquired Subsidiaries and utilized approximately US\$0.7 million for the repayment of bank borrowings. The Group had cash and bank balances of approximately US\$3.7 million as at 31 March 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The dry bulk market remained difficult during the recent months. The BDI, which has a close correlation to freight rates, reached an all-time low of 200 level during 1Q16. Low demand of commodities in the Greater China Region, especially during the Chinese New Year period, and over-supply of vessels had led to more pressure on freight rates in dry bulk market. The BDI went up gradually to above 700 level since March 2016 but has slowed down in recent weeks.

The updated tonnage of the Group's fleet is approximately 114,000 dwt. Due to challenging operating environment of ship-chartering business, the Group is exploring various options for reducing costs and has continued to look for attractive investment / business opportunities which may arise. On 31 March 2016, the Group had completed the acquisition of Hope View International Limited and its subsidiaries, which is a group of companies principally engaged in provision of logistics, custom clearance and auxiliary services, and import and export of goods. It is expected that through the said acquisition, the Group can horizontally expand its transportation business and create value to shareholders.

Subsequent to the end of March 2016, the Group has taken possession of three residential units of a property development in Singapore, a project that the Group has previously invested in (for details of the property development project, please refer to the Company's announcements dated 13 July 2012). The Group presently intends to hold these units for long-term investment and will lease out these units for rental income.

The Group will continue to explore other attractive investment opportunities such as investments in listed equity securities or ELN. The ELN that the Group had invested contributed a stable source of interest income to the Group during 1Q16.

11. Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No.

(b)(i) Amount per share in cents

Not applicable.

(b)(ii) Previous corresponding period in cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared / (recommended), a statement to that effect

No dividend was declared or recommended for the current financial period reported on.

13. Interested Person Transactions

Not applicable.

14. Negative Confirmation By the Board Pursuant To Rules 705(5)

We, Sue Ka Lok and Chan Yuk Yee, being two directors of Courage Marine Group Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

By Order of the Board
Courage Marine Group Limited

Sue Ka Lok
Chairman and Director

Chan Yuk Yee
Director

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

By Order of the Board

**Sue Ka Lok
Chairman and Director
13 May 2016**