


**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 Third Quarter And First Nine Months Ended 30 September 2016**
**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**
**1(a)(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**
**(i) Income Statement for the Third Quarter and First Nine Months Ended 30 September 2016:**

	US\$'000		%	US\$'000		%
	Q3 2016	Q3 2015		Change	9 months 2016	
Revenue	1,286	2,424	(47)	3,125	5,374	(42)
Cost of sales	(1,763)	(2,752)	(36)	(4,775)	(8,790)	(46)
Gross loss	(477)	(328)	45	(1,650)	(3,416)	(52)
Other income	(20)	5	NM	26	210	(88)
Other gains and losses	188	(55)	NM	(61)	(1,454)	(96)
Administrative expenses	(797)	(537)	48	(2,181)	(1,682)	30
Other expenses	-	-	NM	(81)	(11,094)	(99)
Finance costs	(183)	(292)	(37)	(604)	(884)	(32)
Loss before tax	(1,289)	(1,207)	7	(4,551)	(18,320)	(75)
Income tax credit	-	-	NM	-	41	NM
Loss for the period	(1,289)	(1,207)	7	(4,551)	(18,279)	(75)
Other comprehensive (expense) income:						
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
(Deficit) surplus on revaluation of leasehold land and building	-	-	NM	(164)	325	NM
Deferred tax credit (charge) arising on revaluation of leasehold land and building	-	-	NM	24	(43)	NM
	-	-		(140)	282	NM
<i>Item that may be reclassified subsequent to profit or loss:</i>						
Exchange differences arising on translation of a foreign operation	(276)	-	NM	(54)	-	NM
	(276)	-	NM	(194)	282	NM
Total comprehensive expense for the period	(1,565)	(1,207)	30	(4,745)	(17,997)	(74)
Loss for the period attributable to:						
Owners of the Company	(1,129)	(1,207)	(6)	(4,191)	(18,279)	(77)
Non-controlling interests	(160)	-	NM	(360)	-	NM
	(1,289)	(1,207)	7	(4,551)	(18,279)	(75)
Total comprehensive expense attributable to:						
Owners of the Company	(1,315)	(1,207)	9	(4,362)	(17,997)	(76)
Non-controlling interests	(250)	-	NM	(383)	-	NM
	(1,565)	(1,207)	30	(4,745)	(17,997)	(74)

**(ii) Additional Information**

	US\$'000		%	US\$'000		%
	Q3 2016	Q3 2015		Change	9 months 2016	
Loss before tax is arrived after (charging) / crediting:						
Other income including interest income	(20)	5	NM	26	210	(88)
Interest on borrowings	(183)	(292)	(37)	(604)	(884)	(32)
Depreciation and amortisation	(433)	(383)	13	(1,056)	(1,584)	(33)
Loss on disposal of property, plant and equipment	-	(31)	NM	-	(1,478)	NM
Written off of property, plant and equipment	(1)	-	NM	(1)	-	NM
Change in fair value of held-for-trading investments	219	-	NM	(9)	70	NM
Net loss on disposal of held-for-trading investments	(29)	-	NM	(29)	-	NM
Net foreign exchange loss	(1)	(24)	(96)	(22)	(15)	47

**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
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
<b>ASSETS</b>				
<b>Current assets</b>				
Inventories	984	-	-	-
Trade receivables	84	-	-	-
Other receivables and prepayments	3,275	4,142	9	35
Amount due from a joint venture	669	669	-	-
Held-for-trading investments	636	-	-	-
Restricted bank deposits	1,358	3,697	-	-
Cash and cash equivalents	2,670	10,407	525	10,708
	9,676	18,915	534	10,743
Assets classified as held for sale	2,851	-	-	-
Assets of a disposal group classified as held for sale	2,213	-	-	-
<b>Total current assets</b>	<b>14,740</b>	<b>18,915</b>	<b>534</b>	<b>10,743</b>
<b>Non-current assets</b>				
Property, plant and equipment	25,382	32,886	-	-
Investment property	6,777	-	-	-
Interest in a joint venture	5,330	5,330	-	-
Amounts due from subsidiaries	-	-	27,242	18,057
Long-term receivables and deposits	-	1,816	-	-
Available-for-sale investment	79	79	-	-
<b>Total non-current assets</b>	<b>37,568</b>	<b>40,111</b>	<b>27,242</b>	<b>18,057</b>
<b>Total assets</b>	<b>52,308</b>	<b>59,026</b>	<b>27,776</b>	<b>28,800</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Trade payable	134	-	-	-
Deposits received, other payables and accruals	1,419	1,633	268	677
Borrowings - due within one year	2,691	2,691	3	-
	4,244	4,324	271	677
Liabilities of a disposal group classified as held for sale	1,480	-	-	-
<b>Total current liabilities</b>	<b>5,724</b>	<b>4,324</b>	<b>271</b>	<b>677</b>
<b>Non-current liabilities</b>				
Deferred taxation	1	376	-	-
Borrowings - due more than one year	17,781	21,799	-	-
<b>Total non-current liabilities</b>	<b>17,782</b>	<b>22,175</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	22,871	22,871	22,871	22,871
Share premium	34,872	34,872	34,872	34,872
Property revaluation reserve	2,336	2,125	-	-
Other reserve	1,531	1,531	-	-
Exchange reserve	(31)	-	-	-
Accumulated losses	(33,063)	(28,872)	(30,238)	(29,620)
Equity attributable to owners of the Company	28,516	32,527	27,505	28,123
Non-controlling interests	286	-	-	-
<b>Total equity</b>	<b>28,802</b>	<b>32,527</b>	<b>27,505</b>	<b>28,123</b>
<b>Total liabilities and equity</b>	<b>52,308</b>	<b>59,026</b>	<b>27,776</b>	<b>28,800</b>
<b>Net current assets</b>	<b>9,016</b>	<b>14,591</b>	<b>263</b>	<b>10,066</b>
<b>Total assets less current liabilities</b>	<b>46,584</b>	<b>54,702</b>	<b>27,505</b>	<b>28,123</b>

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 30/09/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$2,691,000	-	US\$2,691,000	-

**Amount repayable after one year**

As at 30/09/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$17,781,000	-	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. named "MV Heroic" and "MV Zorina", respectively; and
3. assignment of insurance proceeds 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**

	<b>Group</b>	
	US\$'000	
	Q3 2016	Q3 2015
<b>Operating activities</b>		
Loss before tax	(1,289)	(1,207)
Adjustments for:		
Depreciation of property, plant and equipment	301	383
Amortisation of intangible assets	132	-
Written off of property, plant and equipment	1	-
Change in fair value of held-for-trading investments	(219)	-
Loss on disposal of property, plant and equipment	-	31
Dividend from held-for-trading investments	(55)	-
Interest income	-	(4)
Finance costs	183	292
Operating cash flows before movements in working capital	(946)	(505)
Increase in inventories	(943)	-
Decrease in trade receivables	81	230
Decrease in other receivables and prepayments	1,920	234
Decrease in held-for-trading investments	669	-
Increase in trade payable	134	-
Increase (decrease) in deposits received, other payables and accruals	865	(247)
Increase in amounts due to related parties	234	-
Cash from (used in) operating activities	2,014	(288)
Interest expense paid	(183)	(292)
Interest income received	-	4
Dividend received from held-for-trading investments	55	-
Net cash from (used in) operating activities	1,886	(576)
<b>Investing activities</b>		
Increase in long-term receivable and deposits	-	(73)
Additions to assets classified as held for sale	(353)	-
Purchase of property, plant and equipment	(1)	(146)
Withdrawal of pledged/restricted bank deposits	1,035	251
Net cash from investing activities	681	32
<b>Financing activities</b>		
Repayment of borrowings	(1,747)	(9,005)
Net cash used in financing activities	(1,747)	(9,005)
Net increase (decrease) in cash and cash equivalents	820	(9,549)
Cash and cash equivalents at the beginning of the period	2,145	12,773
Effect of exchange rate changes on the balance of cash held in foreign currencies	(212)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>2,753</b>	<b>3,224</b>

	<b>Group</b>	
	US\$'000	
	9 months 2016	9 months 2015
<b>Operating activities</b>		
Loss before tax	(4,551)	(18,320)
Adjustments for:		
Depreciation of property, plant and equipment	864	1,584
Amortisation of intangible assets	192	-
Written off of property, plant and equipment	1	-
Change in fair value of held-for-trading investments	9	(70)
Loss on disposal of property, plant and equipment	-	1,478
Dividend from held-for-trading investments	(55)	(20)
Interest income	(88)	(65)
Finance costs	604	884
Impairment loss on deposit paid	-	1,685
Impairment loss on property, plant and equipment	-	9,409
Imputed interest income on long-term receivables	-	(123)
Operating cash flows before movements in working capital	(3,024)	(3,558)
Increase in inventories	(984)	-
(Increase) decrease in trade receivables	(98)	10
Decrease in other receivables and prepayments	1,016	844
(Increase) decrease in held-for-trading investments	(645)	514
Increase in trade payable	134	-
Decrease in deposits received, other payables and accruals	(338)	(1,598)
Increase in amounts due to related parties	327	-
Cash used in operating activities	(3,612)	(3,788)
Interest expense paid	(604)	(884)
Interest income received	88	65
Income tax paid	-	(2)
Dividend received from held-for-trading investments	55	20
Net cash used in operating activities	(4,073)	(4,589)
<b>Investing activities</b>		
Increase in long-term receivable and deposits	-	(312)
Additions to assets classified as held for sale	(1,035)	-
Purchase of property, plant and equipment	(99)	(190)
Acquisition of subsidiaries	(772)	-
Proceeds on disposal of property, plant and equipment	-	6,204
Withdrawal of pledged/restricted bank deposits	2,294	4,361
Advance to a joint venture	-	(116)
Net cash from investing activities	388	9,947
<b>Financing activities</b>		
Repayment of borrowings	(4,018)	(11,017)
Net cash used in financing activities	(4,018)	(11,017)
Net decrease in cash and cash equivalents	(7,703)	(5,659)
Cash and cash equivalents at the beginning of the period	10,407	8,883
Effect of exchange rate changes on the balance of cash held in foreign currencies	49	-
<b>Cash and cash equivalents at the end of the period</b>	<b>2,753</b>	<b>3,224</b>

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	Exchange reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>									
At 1 July 2015	19,059	28,027	2,016	1,531	-	(9,100)	41,533	-	41,533
Loss for the period	-	-	-	-	-	(1,207)	(1,207)	-	(1,207)
At 30 September 2015	19,059	28,027	2,016	1,531	-	(10,307)	40,326	-	40,326
At 1 July 2016	22,871	34,872	2,336	1,531	155	(31,934)	29,831	536	30,367
Loss for the period	-	-	-	-	-	(1,129)	(1,129)	(160)	(1,289)
Exchange differences arising on translation of a foreign operation	-	-	-	-	(186)	-	(186)	(90)	(276)
At 30 September 2016	22,871	34,872	2,336	1,531	(31)	(33,063)	28,516	286	28,802

	Share capital	Share premium	Property revaluation reserve	Other reserve	Exchange reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Company</b>							
At 1 July 2015	19,059	28,027	-	-	-	(8,964)	38,122
Loss for the period	-	-	-	-	-	(163)	(163)
At 30 September 2015	19,059	28,027	-	-	-	(9,127)	37,959
At 1 July 2016	22,871	34,872	-	-	-	(30,094)	27,649
Loss for the period	-	-	-	-	-	(144)	(144)
At 30 September 2016	22,871	34,872	-	-	-	(30,238)	27,505

**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 30 September 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**

<b>As at 30/09/2016</b>	<b>As at 31/12/2015</b>
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 30 September 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 in accordance with International Standards on Auditing.

The figures for Q3 2016 / Q3 2015 / 9 months 2016 and 9 months 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)**

	<b>Group</b>			
	Q3 2016	Q3 2015	9 months 2016	9 months 2015
	US Cent	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	(0.89)	(1.14)	(3.30)	(17.26)
b On a fully diluted basis	(0.89)	(1.14)	(3.30)	(17.26)

**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 consolidated had been effective in 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**

	<b>Group</b>		<b>Company</b>	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	22.44	25.6	21.65	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.**

#### Revenue

##### Q3 2016

The Group's total revenue decreased by 47% from US\$2,424,000 in the third quarter of 2015 ("Q3 2015") to US\$1,286,000 in the third quarter of 2016 ("Q3 2016"), of which revenue from vessel chartering decreased to approximately US\$1,123,000, reflecting the low demand in dry bulk market continued throughout Q3 2016. The Baltic Dry Index (the "BDI") continued to remain low and was hovering at the 600 to 700 level during most of the time of Q3 2016. The Group acquired certain subsidiaries on 31 March 2016 which are principally engaged in the provision of logistics, custom clearance and auxiliary services as well as import and export of goods. These subsidiaries were subsequently disposed of by the Group on 10 November 2016 as their business and financial performance could not meet the Group's expectations. During Q3 2016, logistic services and merchandise trading income of approximately US\$136,000 has been generated. The Group had also invested in listed securities during Q3 2016 and earned dividend income of approximately US\$18,000. In addition, the Group's investment property started to generate rental income amounting to approximately US\$9,000 during the quarter.

##### 9M 2016

The Group's total revenue decreased by 42% from US\$5,374,000 for the nine months ended 30 September 2015 ("9M 2015") to US\$3,125,000 for the nine months ended 30 September 2016 ("9M 2016"), of which revenue from vessel chartering decreased to approximately US\$2,773,000, reflecting the low demand in dry bulk market continued throughout 9M 2016. The BDI continued to remain low and was hovering at the 300 to 700 level during most of the time of 9M 2016. The Group acquired certain subsidiaries on 31 March 2016 which are principally engaged in the provision of logistics, custom clearance and auxiliary services as well as import and export of goods. These subsidiaries were subsequently disposed of by the Group on 10 November 2016 as their business and financial performance could not meet the Group's expectations. Up to 9M 2016, logistic services and merchandise trading income of approximately US\$209,000 has been generated. The Group had also invested in listed securities and equity-linked notes during 9M 2016 and earned dividend and interest income totalling approximately US\$134,000. In addition, the Group's investment property started to generate rental income amounting to approximately US\$9,000 during 9M 2016.

#### Profitability

##### Q3 2016

The Group's cost of sales decreased by 36% from US\$2,752,000 in Q3 2015 to US\$1,763,000 in Q3 2016 mainly due to less cost consumed with less vessels being operated. The Group's vessel chartering business recorded a gross loss of approximately US\$461,000 in Q3 2016 compared to a gross loss of approximately US\$328,000 in Q3 2015, whereas the Group's logistic service and merchandise trading business incurred a gross loss of approximately US\$43,000.

The Group recorded other gain of US\$188,000 in Q3 2016 mainly due to the upward change in fair value of held-for-trading investments, whereas in Q3 2015, the Group recorded other losses of US\$55,000 mainly due to the loss on disposal of property, plant and equipment and net exchange losses.

Administrative expenses increased by 48% from US\$537,000 in Q3 2015 to US\$797,000 in Q3 2016 as the Group had incurred additional administrative expenses during the quarter in relation to the subsidiaries engaged in logistic service and merchandise trading business.

There were no other expenses in Q3 2016 and Q3 2015.

The Group recorded finance costs of US\$183,000 in Q3 2016 compared to US\$292,000 in Q3 2015, decreased by 37% that was due to less bank borrowings during the quarter.

Overall, the Group recorded a higher net loss of US\$1,289,000 in Q3 2016 compared to US\$1,207,000 in Q3 2015 mainly due to the Group had incurred additional administrative expenses during the quarter in relation to the subsidiaries engaged in logistic service and merchandise trading business.

##### 9M 2016

The Group's cost of sales decreased by 46% from US\$8,790,000 for 9M 2015 to US\$4,775,000 for 9M 2016 which was mainly due to less cost consumed with less vessels being operated. The Group's vessel chartering business recorded a gross loss of approximately US\$1,823,000 for 9M 2016 compared to a gross loss of US\$3,416,000 for 9M 2015, whereas the Group's logistic service and merchandise trading business contributed a gross profit of approximately US\$30,000.

The Group recorded other losses of US\$61,000 for 9M 2016 mainly due to the net loss on disposal of held-for-trading investments. The Group recorded other losses of US\$1,454,000 for 9M 2015 mainly due to the loss on disposal of MV Cape Pioneer.

Administrative expenses increased by 30% from US\$1,682,000 for 9M 2015 to US\$2,181,000 for 9M 2016 as the Group had incurred additional administrative expenses during the period in relation to the subsidiaries engaged in logistic service and merchandise trading business.

The Group recorded other expenses of US\$81,000 for 9M 2016 which represented legal and professional expenses incurred in relation to the acquisition of subsidiaries engaged in logistic service and merchandise trading business. For 9M 2015 the Group conducted a review of the Group's vessels and other receivables and determined that a number of those assets were impaired. The Group recorded other expenses of US\$11,094,000 for 9M 2015 as there were impairment loss on deposits paid for a coal trading contract and impairment loss in respect of the Group's vessels in light of the decrease in revenue, utilisation rate and market value of the vessels and value of scrap materials. The recoverable amount of the vessels had been determined on the basis of their value in use.

The Group recorded finance costs of US\$604,000 for 9M 2016 compared to US\$884,000 for 9M 2015, decreased by 32% that was mainly due to less bank borrowings during the period.

The Group's subsidiaries had no income tax charge or tax credit for 9M 2016. For 9M 2015, an income tax credit of US\$41,000 was recorded. The Group recorded a deficit on revaluation of leasehold land and building of US\$164,000 for 9M 2016 compared to a surplus of US\$325,000 for 9M 2015.

The Group recorded a deferred tax credit on revaluation of leasehold land and building of US\$24,000 for 9M 2016 compared to a deferred tax charge of US\$43,000 for 9M 2015.

Overall, the Group recorded a lower net loss of US\$4,551,000 for 9M 2016 compared to US\$18,279,000 for 9M 2015 mainly due to the absence of disposal loss of MV Cape Pioneer and the impairment loss in respect of deposits paid for a coal trading contract and of the Group's vessels totalling US\$11,094,000.

### Balance Sheet

On 10 November 2016, Peak Prospect Global Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party for the disposal of the 70% equity interest in Poly EZbuy Limited (formerly known as Hope View International Limited), which represented the Group's interest in the subsidiaries engaged in logistic service and merchandise trading business (the "Disposal Group"). Accordingly, the assets and liabilities related to the Disposal Group as at 30 September 2016 were classified as held for sale.

The assets of the Disposal Group classified as held for sale as at 30 September 2016 comprised mainly property, plant and equipment and intangible assets of the integrated trading platform of the Disposal Group amounted to approximately US\$1,040,000 and US\$876,000 respectively. The liabilities of the Disposal Group classified as held for sale as at 30 September 2016 comprised other payables and accruals and amounts due to related parties of approximately US\$994,000 and US\$486,000 respectively.

The Group's investment property with carrying value of US\$6,777,000 as at 30 September 2016 represented the value of an office property reclassified from the Group's leasehold land and building. The office property is owned by the Group and was previously the Group's principal place of business in Hong Kong. It is currently rent out for earning rental income.

The Group's held-for-trading investments amounted to US\$636,000 as at 30 September 2016 which represented an investment in equity-linked note with the underlying shares being listed shares of a Mainland China insurance company.

The Group had assets held for sale of US\$2,851,000 as at 30 September 2016 which represented the acquisition costs of three residential apartments of a property development in Singapore. In October 2016, the Group sold two subsidiaries each holding a residential apartment and recorded a total gain on disposals of approximately US\$19,000.

As at 30 September 2016, there were non-controlling interests of US\$286,000 which represented the interests of minority shareholders in the Disposal Group.

### Cash Flow

The cash and cash equivalents (excluding restricted bank deposits) held by the Group decreased from US\$10,407,000 as at 31 December 2015 to US\$2,753,000 (included approximately US\$83,000 held by the Disposal Group which was grouped as assets of a disposal group classified as held for sale) as at 30 September 2016. Such decrease was mainly due to funds applied to (i) completion payments for the three residential apartments in Singapore totalling US\$1,035,000; (ii) acquisition of the held-for-trading investments of US\$645,000; (iii) net cash outflow for previous acquisition of the Disposal Group of US\$772,000; (iv) purchase of merchandise of US\$984,000; and (v) repayment of bank borrowings of US\$4,018,000.

**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 remains difficult during 9M 2016. The BDI, which has a close correlation to freight rates, was hovering at the 300 to 700 level during 9M 2016. Low demand of commodities in the Greater China Region, coupled with over-supply of vessels had led to additional pressure on freight rates in dry bulk market.

The tonnage of Group's fleet is approximately 114,000 dwt. Owing to challenging operating environment of the vessel chartering business, the Group will continue to explore various options for reducing costs and increasing revenue of the business.

The Group will continue to explore other investment opportunities such as investments in equity-linked notes and listed equity securities which can contribute additional income to the Group.

The Group also rent out its previous principal place of business in Hong Kong for rental income since September 2016 in order to broaden the Group's income base. In addition, the Group recorded profits for selling two residential apartments in Singapore in October 2016.

Looking forward, the management will step up its effort in improving the financial performance of the Group's existing businesses and will continue to look for attractive investment / business opportunities that can broaden the Group's income base and bring substantial value to shareholders.

**UPDATE ON USE OF PROCEEDS OF PLACING**

On 8 December 2015, the Company completed a placement of 21,176,000 ordinary shares of the Company under general mandate to certain independent third parties at an issue price of HK\$4 each (the "Placing"), details of which were set out in the announcement of the Company dated 17 November 2015. The net proceeds from the Placing amounted to approximately US\$10,530,000, up to 30 September 2016, approximately US\$8,683,000 had been utilised as follows:

<b>Purpose</b>	<b>Amount Utilised (US\$)</b>	<b>Amount Remaining (US\$)</b>
Short term investments in equity-linked note	645,000	9,885,000
Repayment of bank borrowings	4,018,000	5,867,000
Completion of acquisition of three residential apartments classified as assets held for sale	1,035,000	4,832,000
Purchase of merchandise	984,000	3,848,000
Administrative expenses	1,124,000	2,724,000
Consideration for previous acquisition of the Disposal Group	877,000	1,847,000
<b>Total</b>	<b>8,683,000</b>	<b>1,847,000</b>

## 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 5.00 pm) 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 Rule 705(5)

We, Sue Ka Lok and Lai Ming Wai, 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 nine months and third quarter ended 30 September 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

Lai Ming Wai  
Chief Executive Officer and 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 Rules 720(1) of the Listing Manual.

## By Order of the Board

Sue Ka Lok  
Chairman and Director  
14 November 2016