
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Circular is issued by Courage Marine Group Limited (the “Company”). If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred your ordinary shares in the capital of the Company, please forward this Circular and the attached Notice of Special General Meeting and Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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COURAGE MARINE GROUP LIMITED

勇利航業集團有限公司

(Incorporated in Bermuda)

(Company Registration No. 36692)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: E91.SI)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) MAJOR TRANSACTION UNDER THE SGX-ST LISTING MANUAL AND A MAJOR AND CONNECTED TRANSACTION UNDER THE HK LISTING RULES RELATING TO THE PROPOSED INVESTMENT IN A 10% EQUITY INTEREST OF SANTARLI REALTY PTE. LTD. BY COURAGE MARINE OVERSEAS LTD.; AND**
- (2) THE PROPOSED DIVERSIFICATION INTO THE PROPOSED PROPERTY INVESTMENT BUSINESS.**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

The notice convening the SGM of the Company to be held at 4 Robinson Road #04-01, The House of Eden, Singapore 048543 on 16 July 2013 at 2:00 p.m. is set out on pages SGM-1 to SGM-3 of this Circular. Shareholders who are unable to attend the SGM and wish to appoint a proxy or proxies to attend and vote on their behalf are requested to complete and return the relevant proxy form accompanying the Circular in accordance with the instructions printed thereon to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Shareholders registered in the principal Register of Shareholders in Bermuda), or to the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Shareholders registered in the branch Register of Shareholders in Hong Kong), or as soon as possible and in any event not less than forty-eight (48) hours before the time of the SGM or any adjournment thereof. Completion and return of the form of proxy does not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Singapore and Hong Kong, 25 June 2013

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated and the context otherwise requires:

“Amended and Restated JVA”	:	Has the meaning ascribed thereto as set out in Section 2.5.1
“Balance CM Loan Amount”	:	The loan amount equal to the CM Overseas Loan after deducting the Relevant Amount
“Bank Loan”	:	The loan facility of S\$122,500,000 granted to the JV Company and arranged by United Overseas Bank, which is jointly and severally guaranteed by SHPL and each of the SHPL Shareholders
“Bermuda Companies Act”	:	The Companies Act 1981 of Bermuda, as amended or modified from time to time
“Board”	:	The board of directors of the Company
“Business Day”	:	A day on which commercial banks are open for business in Singapore (excluding Saturdays, Sundays and public holidays)
“Bye-laws”	:	The bye-laws of the Company as amended, supplemented or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited or its nominee(s), as the case may be
“Circular”	:	This circular despatched to Shareholders in respect of the SGM
“CM Overseas Loan”	:	Has the meaning ascribed thereto as set out in Section 2.2
“CM Overseas”	:	Courage Marine Overseas Ltd (Company Registration No. 1721907), a company incorporated in the British Virgin Islands and having its registered address at c/o CCS Trustees Limited, 263 Main Street, P.O. Box 91261, Road Town, Tortola, British Virgin Islands
“Company”	:	Courage Marine Group Limited (勇利航業集團有限公司) (Registration No. 36692), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the SGX-ST and the Main Board of the SEHK
“Completion Date”	:	The date on which Completion takes place

DEFINITIONS

“Completion”	:	The completion of the Proposed Acquisition
“Condition”	:	Has the meaning ascribed thereto as set out in Section 2.3.3(a)
“Consideration”	:	Has the meaning ascribed thereto as set out in Section 2.3.3(b)
“Directors”	:	The directors of the Company as at the date of this Circular
“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
“Excel Precast”	:	Excel Precast Pte Ltd (Company Registration No. 199901158W), a company incorporated in Singapore and having its registered address at 531 Yishun Industrial Park A, Santarli Building, Singapore 768739
“Executive Committee”	:	Has the meaning ascribed thereto as set out in Section 2.5.2(c)
“External Financing”	:	Has the meaning ascribed thereto as set out in Section 2.5.2(e)
“FIEs”	:	Has the meaning ascribed thereto as set out in Section 5.2
“Follow-on Investments”	:	In relation to any Proposed Property Investment, any further aggregate capital contributions or investments made or to be made by the Group, whether contributions by way of share capital, shareholders’ loans or advances, other quasi-equity instruments such as convertible bonds or notes, granting of corporate guarantees or other financial accommodation after the completion of the initial or first round of capital contribution or investment made by the Group
“Guarantee”	:	Has the meaning ascribed thereto as set out in Section 2.2
“Group”	:	The Company and its subsidiaries
“HK Listing Rules”	:	The Rules Governing the Listing of Securities on the SEHK, as may be amended from time to time
“HK Proxy Form”	:	Has the meaning ascribed thereto as set out in Section 10
“HKSCC”	:	Hong Kong Securities Clearing Company Limited

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“Hong Kong Companies Ordinance”	:	Companies Ordinance (Cap. 32 of the laws of Hong Kong), as amended and modified from time to time
“Hong Kong Share Registrar”	:	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Hong Kong”	:	The Hong Kong Special Administrative Region of the PRC
“Hsiangkang Enterprise”	:	Hsiangkang Enterprise Corporation a company incorporated in the Republic of Panama and having its registered address at 53rd E Street, Urbanization Marbella, MMB Tower 16th Floor, Panama, Republic of Panama
“IAS”	:	Has the meaning ascribed thereto as set out in Section 5.2
“IOL”	:	Has the meaning ascribed thereto as set out in Section 5.2
“Independent Board Committee”	:	An independent committee of the Board comprising Mr. Lui Chun Kin Gary and Mr. Chu Wen Yuan
“Independent Financial Adviser” or “Altus”	:	Altus Capital Limited, a licensed corporation under the SFO to conduct type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the connected transaction element within the Proposed Investment
“Independent Shareholders”	:	Shareholders other than Mr. Chen Shin-Yung and his associates
“Initial Joint Venture Agreement”	:	The joint venture agreement dated 18 August 2012 and entered into between the Initial JV Shareholders
“Initial JV Shareholders”	:	Santarli Corporation, Hsiangkang Enterprise and Excel Precast
“JV Board”	:	the board of directors of JV Company
“JV Company Shares”	:	The ordinary shares in the capital of the JV Company
“JV Shareholders”	:	the holder(s) of JV Company Shares for the time being
“Land”	:	The site at Pheng Geck Avenue (Parcel B), Singapore on Lot 10335T of Mukim 17

DEFINITIONS

“Latest Practicable Date”	:	24 June 2013
“Long Stop Date”	:	Has the meaning ascribed thereto as set out in Section 2.2(ii)
“Maximum Shareholders’ Loans”	:	Has the meaning ascribed thereto as set out in Section 2.3.3(d)
“Model Code”	:	the Model Code for Securities Transactions by Directors of Listed Issuers
“MOU”	:	Has the meaning ascribed thereto as set out in Section 2.1
“Pheng Geck Project”	:	The acquisition of the Land and the development of a residential property project thereon by the JV Company
“PRC”	:	The People’s Republic of China
“Prescribed Territories”	:	Singapore and the PRC including for this purpose, Hong Kong and Macau)
“Project Cost”	:	Has the meaning ascribed thereto as set out in Section 2.4.3
“Proposed Acquisition”	:	Has the meaning ascribed thereto as set out in Section 2.3.1
“Proposed Investment”	:	The proposed investment of a 10% equity interest in Santarli Realty by CM Overseas
“Proposed Property Investment Business”	:	The business of acquiring, investing, disposing, divesting or otherwise dealing or engaging in the Proposed Property Investments from time to time and any and all other activities which are related or ancillary or incidental to any of the foregoing
“Proposed Property Investments”	:	The shareholding, equity or other interests in real estate or property developments or projects made or to be made by the Group from time to time based on the guidelines and policies as set out in Section 3.1 of this Circular
“Register of Shareholders”	:	The register of Shareholders of the Company maintained pursuant to the Bermuda Companies Act
“Relevant Amount”	:	Has the meaning ascribed thereto as set out in Section 2.3.3(c)
“Sale Shares”	:	Has the meaning ascribed thereto as set out in Section 2.3.1

DEFINITIONS

“Santarli Construction”	:	Santarli Construction Pte. Ltd. (Company Registration No. 198302984W), a company incorporated in Singapore and having its registered address at 531 Yishun Industrial Park A, Santarli Building, Singapore 768739 and which is a related corporation of SHPL
“Santarli Corporation” or “Vendor”	:	Santarli Corporation Pte Ltd (Company Registration No. 200009880D), a company incorporated in Singapore and having its registered address at 531 Yishun Industrial Park A, Santarli Building, Singapore 768739
“Santarli Group”	:	SHPL and its subsidiaries
“Santarli Management”	:	Santarli Management Services Pte. Ltd. (Company Registration No. 201216763W), a company incorporated in Singapore and having its registered address at 531 Yishun Industrial Park A, Santarli Building, Singapore 768739 and which is a related corporation of SHPL
“Santarli Realty” or “JV Company”	:	Santarli Realty Pte. Ltd. (Company Registration No. 201217594N), a company incorporated in Singapore and having its registered address at 531 Yishun Industrial Park A, Santarli Building, Singapore 768739
“SEHK”	:	The Stock Exchange of Hong Kong Limited
“SFA”	:	The Securities and Futures Act (Cap. 289) of Singapore
“SFO”	:	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGM”	:	Special general meeting of Shareholders to be held on 16 July 2013 at 2:00 p.m. at 4 Robinson Road #04-01, The House of Eden, Singapore 048543, notice of which is attached to this Circular
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	:	Listing Manual of the SGX-ST
“SGX-ST Market Capitalisation”	:	Has the meaning ascribed thereto as set out in Section 2.7.1.1
“Share Purchase Agreement”	:	The share purchase agreement dated 14 September 2012 entered into between Santarli Corporation and CM Overseas relating to the sale and purchase of the Sale Shares and the Shareholder’s Loans

DEFINITIONS

“Shareholder’s Loans”	:	A sum equal to 10% of the Total Shareholders’ Loans
“Shareholders”	:	Persons registered as holders of Shares in the capital of the Company in the Register of Shareholders
“Shares”	:	Ordinary shares with a par value of US\$0.018 each in the share capital of the Company
“SHPL Shareholders”	:	The shareholders of SHPL, namely:– (i) Mr. Lee Boon Teow; (ii) Mr. Sim How Tiong; and (iii) Mr. Chan Thiam Seng, and “SHPL Shareholder” means any one of them
“SHPL”	:	Santarli Holdings Pte Ltd (Company Registration No. 198903931Z), a company incorporated in Singapore and having its registered address at 531 Yishun Industrial Park A, Santarli Building, Singapore 768739
“Singapore Companies Act”	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Singapore Share Transfer Agent”	:	The Singapore share transfer agent of the Company, currently Boardroom Corporate & Advisory Services Pte. Ltd.
“Total Commitment”	:	Has the meaning ascribed thereto as set out in Section 2.7.1
“Total Development Cost”	:	The estimated development budget in respect of the Pheng Geck Project and includes the cost of the Land, the aggregate amount of all contract sums for all construction contracts awarded by the JV Company in respect of the development and construction of the Pheng Geck Project, the cost of engaging consultants, cost of marketing and sales, cost of external financing in respect of the Pheng Geck Project and all other items of costs in relation to the Land and the Pheng Geck Project necessary for the purpose of carrying on the business of the JV Company

DEFINITIONS

“Total Shareholders’ Loans”	:	means the aggregate of (i) interest-free shareholder’s loans which has been extended by the existing shareholders of the JV Company (including the Vendor) to the JV Company and which remains outstanding as at the date of the Share Purchase Agreement and (ii) such further interest-free shareholder’s loans as may be extended by the existing shareholders of the JV Company (including the Vendor) to the Company prior to Completion provided always that the aggregate amount of the shareholders’ loans under paragraphs (i) and (ii) above will not exceed S\$54,000,000
“Transview Holdings”	:	Transview Holdings Ltd.
“Transview Transaction”	:	Has the meaning ascribed thereto as set out in Section 2.4.1
“Transview”	:	Transview Holdings or its subsidiaries
“Undertakings”	:	Bonds, undertakings, guarantees, indemnities or other forms on security required to be furnished by JV Shareholders or any of other respective related corporations, or in the case of Santarli Corporation, the SHPL Shareholders for External Financing
“US\$”	:	United States dollars, the lawful currency of the United States of America
“S\$”	:	Singapore dollars, the lawful currency of Singapore
“%”	:	Per cent

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and vice versa. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Hong Kong Companies Ordinance, the Bermuda Companies Act, the Singapore Companies Act, the SGX-ST Listing Manual or the HK Listing Rules or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Hong Kong Companies Ordinance, the Bermuda Companies Act, the Singapore Companies Act, the SGX-ST Listing Manual or the HK Listing Rules or any modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

This document has both English and Chinese versions. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.

LETTER FROM THE BOARD



COURAGE MARINE GROUP LIMITED

勇利航業集團有限公司

(Incorporated in Bermuda)

(Company Registration No. 36692)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: E91.SI)

Directors:

Hsu Chih-Chien *(Chairman and Non-Executive Director)*

Wu Chao-Huan *(Managing Director)*

Sun Hsien-Long *(Non-Executive Director)*

Chang Shun-Chi *(Non-Executive Director)*

Lui Chun Kin, Gary *(Independent Director)*

Sin Boon Ann *(Independent Director)*

Chu Wen Yuan *(Independent Director)*

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Singapore and Hong Kong, 25 June 2013

To: The Shareholders of Courage Marine Group Limited

Dear Sir/Madam

- (1) **MAJOR TRANSACTION UNDER THE SGX-ST LISTING MANUAL AND MAJOR AND CONNECTED TRANSACTION UNDER THE HK LISTING RULES RELATING TO THE PROPOSED INVESTMENT IN A 10% EQUITY INTEREST OF SANTARLI REALTY PTE. LTD. BY COURAGE MARINE OVERSEAS LTD.; AND**
- (2) **THE PROPOSED DIVERSIFICATION INTO THE PROPOSED PROPERTY INVESTMENT BUSINESS.**

1. INTRODUCTION

1.1 SGM Proposals

The Directors are convening a SGM to be held on 16 July 2013 to seek (a) the Independent Shareholders' approval for the Proposed Acquisition and the Proposed Investment as a major transaction under the SGX-ST Listing Manual and a major and connected transaction under the HK Listing Rules; and (b) to seek Shareholders' approval for the proposed diversification of the Company's business into the Proposed Property Investment Business, as further explained in the sections below.

LETTER FROM THE BOARD

Presently, the Group principally engages in the business of providing vessel chartering services to charterers. However, the dry bulk market, in which the Group is engaged, is under intense pressure as the retreating weight of the PRC as the driver of that market is extensively felt. In the light of the weak dry bulk market, the Board is of the view that the Group needs to adopt a diversification approach in its long-term growth strategy, to diversify its income base to reduce its dependence on freight income, with a view to sustaining and enhancing Shareholders' value and returns.

The Proposed Acquisition and the Proposed Investment in relation to the Pheng Geck Project and the proposed diversification into the Proposed Property Investment Business are all part of the Company's strategy and proposals for diversification and accordingly, the Company is seeking Independent Shareholders' approval for the Proposed Acquisition and the Proposed Investment and is seeking Shareholders' approval for the proposed diversification into the Proposed Property Investment Business.

1.2 Circular

The purpose of this Circular is to provide Shareholders with the relevant information relating to and to seek Independent Shareholders' approval for the Proposed Acquisition and the Proposed Investment and Shareholders' approval for the proposed diversification into the Proposed Property Investment Business at the forthcoming SGM. The notice of the SGM is set out on page SGM-1 of this Circular.

2. THE PROPOSED INVESTMENT

2.1 Background Information

On 13 July 2012, the Company announced that CM Overseas, a wholly-owned subsidiary of the Company, had entered into a memorandum of understanding dated 12 July 2012 (the "MOU"), pursuant to which CM Overseas agreed to take a 10% shareholding equity interest in a joint venture company established for the purpose of the Pheng Geck Project. Under the MOU, the joint venture company in the Pheng Geck Project was stated as Santarli Venture Pte. Ltd. Subsequently, Santarli Realty was used as the joint venture company in place of Santarli Venture Pte. Ltd.

As further announced on 19 July 2012 and 1 August 2012, Shareholders' approval is to be sought for the Proposed Investment as the Proposed Investment is regarded as a 'major transaction' under Chapter 10 of the SGX-ST Listing Manual and a waiver was not granted by the SGX-ST to waive the requirement under Rule 1014(2) of the SGX-ST Listing Manual.

On 18 August 2012, the Initial JV Shareholders entered into the Initial Joint Venture Agreement to regulate their relationship *inter se* as joint venture partners for the Pheng Geck Project and to regulate their relationship *inter se* as shareholders of the JV Company.

Due to the need for the Company to seek Shareholders' approval for the Proposed Investment, CM Overseas did not enter into or participate in the Initial Joint Venture Agreement entered into between the Initial JV Shareholders, nor did it take up the 10% equity interest in the JV Company which was originally contemplated to be taken up by CM Overseas under the MOU. Instead, Santarli

LETTER FROM THE BOARD

Corporation replaced CM Overseas to make an additional subscription for 100,000 JV Company Shares at the issue price of S\$1.00 for each JV Company Share and agreed to extend, on a progressive basis, an additional shareholder's loan of S\$5,400,000 to the JV Company from that originally contemplated under the MOU.

Transview also did not enter into or participate in the Initial Joint Venture Agreement as it was required to obtain its shareholders' approval for its participation in the Pheng Geck Project under the SGX-ST Listing Manual requirements.

2.2 CM Overseas Loan

In return, CM Overseas extended interest-free loans amounting to S\$5,500,000 in aggregate to Santarli Corporation (the "**CM Overseas Loan**"), which is the same amount (in aggregate) as the amount of the contributions to the share capital of, and the maximum amount of the shareholders' loans to the JV Company which CM Overseas was originally obliged to make to the JV Company for the 10% equity interest in the JV Company to be taken up by CM Overseas as contemplated under the MOU. The CM Overseas Loan was funded from the internal resources of the Company and the CM Overseas Loan was made by CM Overseas to Santarli Corporation, *inter alia*, in consideration of Santarli Corporation agreeing to the arrangements under the Share Purchase Agreement (as further set out in Section 2.3 below) in lieu of the MOU.

Amongst other things, the parties have agreed under the Share Purchase Agreement that:-

- (i) in the event of Completion, the Relevant Amount shall be used to offset the Consideration (as defined in Section 2.3.3(b) below) payable and shall be deemed to have been repaid in full by Santarli Corporation to CM Overseas;
- (ii) in the event that the Company is unable to fulfill the Condition (as defined in Section 2.3.3(a) below) on or before 15 November 2012 (or such other date as agreed in writing between the parties) (the "**Long Stop Date**"), the Vendor shall repay CM Overseas the CM Overseas Loan within 90 days following the Long Stop Date; and
- (iii) in the event that the Balance CM Loan Amount is not extended by the Vendor to the JV Company or otherwise does not form part of the Shareholders' Loan to be sold by the Vendor to the CM Overseas on Completion for any reason whatsoever, the Vendor shall repay the Balance CM Loan Amount in cash to CM Overseas in accordance with paragraph (ii) above.

As mutually agreed between the Company and Santarli Corporation on 7 December 2012, 17 December 2012, 3 April 2013 and 4 June 2013, the Long Stop Date had been extended to 31 December 2012, 31 March 2013, 30 June 2013 and 31 July 2013 respectively.

The CM Overseas Loan is secured by a guarantee given by SHPL dated 14 September 2012 (the "**Guarantee**") whereby SHPL guarantees to CM Overseas, *inter alia*, the due and punctual payment and discharge in full when due of any and all of the obligations and liabilities under the Share Purchase Agreement of Santarli Corporation to CM Overseas, and the immediate payment by

LETTER FROM THE BOARD

SHPL of any such amount due under or in connection with the Share Purchase Agreement which Santarli Corporation fails to pay. The Guarantee shall continue to be in full force and effect until the earlier occurrence of (i) Completion or (ii) repayment in full of the CM Overseas Loan in accordance with the Share Purchase Agreement.

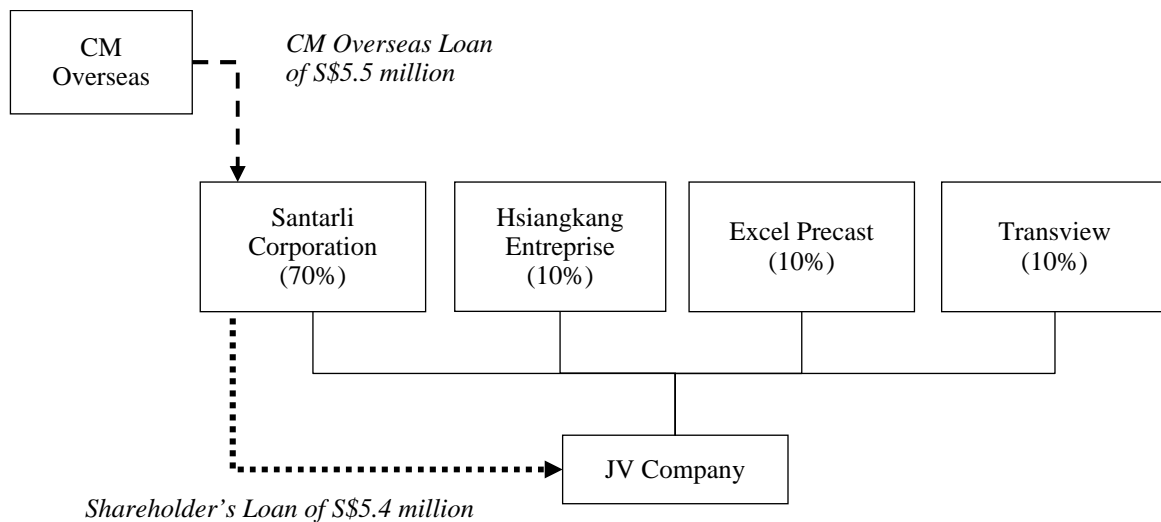
2.3 Proposed Acquisition

2.3.1 The Share Purchase Agreement

As announced on 17 September 2012, CM Overseas had entered into the Share Purchase Agreement with Santarli Corporation on 14 September 2012 to purchase from Santarli Corporation (i) 100,000 JV Company Shares (the “**Sale Shares**”), comprising 10% of the issued and paid-up share capital of the JV Company, and (ii) the Shareholder’s Loans (the “**Proposed Acquisition**”). Upon the execution of the Share Purchase Agreement and the Initial Joint Venture Agreement, the MOU has no further effect.

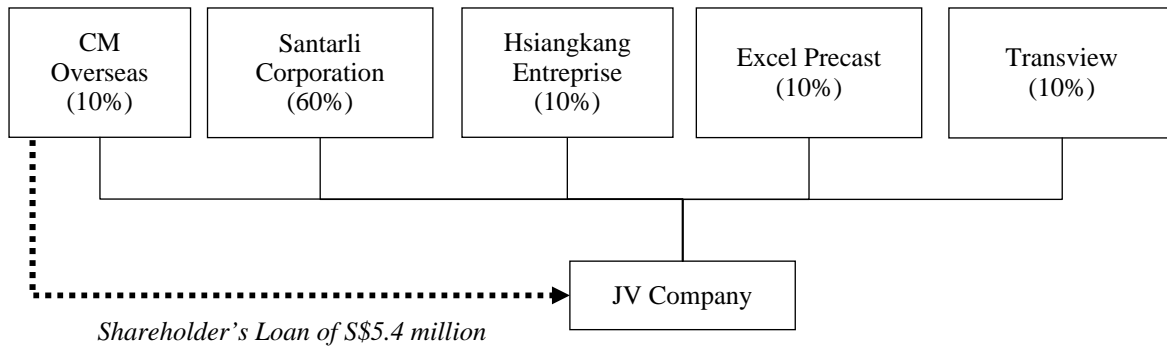
The shareholding structure of the JV Company and the status of the CM Overseas Loan before and after the Proposed Acquisition are set out as follows:

Before Proposed Acquisition



LETTER FROM THE BOARD

After Proposed Acquisition



Note: At Completion, the CM Overseas Loan of S\$5.5 million shall be used to offset the Consideration payable by CM Overseas for the purchase of the Sale Shares and the assignment and transfer of the Shareholders' Loan by Santarli Corporation to CM Overseas and the CM Overseas Loan shall be deemed to have been repaid in full by Santarli Corporation to CM Overseas.

2.3.2 The Vendor

Santarli Corporation, one of the Initial JV Shareholders of the JV Company, is a private limited company incorporated in Singapore, and is a wholly-owned subsidiary of SHPL, whose principal business is in the provision of construction services. As at the Latest Practicable Date, the substantial shareholders and directors of SHPL are Mr. Lee Boon Teow, Mr. Sim How Tiong and Mr. Chan Thiam Seng.

To the best of the Directors' information, knowledge, belief (having made reasonable enquiries), Mr. Lee Boon Teow, Mr. Sim How Tiong and Mr. Chan Thiam Seng are independent third parties from the Company and its connected persons (as defined under the HK Listing Rules).

2.3.3 Material Terms of the Proposed Acquisition

(a) Conditional agreement

Completion of the Proposed Acquisition is conditional upon the Company having obtained the approval of Independent Shareholders in general meeting in respect of the Proposed Investment (the "**Condition**").

(b) Consideration

The consideration for the purchase of:

- (i) the Sale Shares shall be the sum of S\$100,000; and

LETTER FROM THE BOARD

- (ii) the Shareholder's Loans shall be the sum equal to the principal amount of the Shareholder's Loans, (collectively, the "**Consideration**").

As at the Latest Practicable Date, the principal amount of the Shareholder's Loans is S\$5,400,000.

(c) *Terms of Payment*

The Consideration payable by CM Overseas for the Sale Shares and the Shareholder's Loans shall be deemed satisfied and settled in full by way of CM Overseas agreeing to the release and discharge of a portion of the CM Overseas Loan (as defined in Section 2.2 above) being a sum equal to the Consideration (the "**Relevant Amount**").

In the event the Total Shareholders' Loans as at Completion reaches the maximum aggregate amount of S\$54,000,000, the Relevant Amount will be equal to the amount of the CM Overseas Loan, but the Relevant Amount will be reduced accordingly if the Total Shareholders' Loans as at Completion is less than the maximum aggregate amount of S\$54,000,000.

(d) *Total Shareholders' Loans*

Under the Initial Joint Venture Agreement, the Initial JV Shareholders had agreed to extend interest-free shareholders' loans up to a maximum of S\$54,000,000 to the JV Company ("**Maximum Shareholders' Loans**").

As at the Latest Practicable Date, the Total Shareholders' Loans are S\$54,000,000 which have reached the amount of the Maximum Shareholders' Loans. Accordingly, the Relevant Amount shall be equal to the amount of the CM Overseas Loan.

In relation to any portion of the Maximum Shareholders' Loans which may not have been extended by the existing shareholders of the JV Company (including the Vendor) to the JV Company prior to Completion, at Completion, CM Overseas shall direct the Vendor to extend the Balance CM Loan Amount to the Company as part of the Shareholder's Loans to be sold by the Vendor to CM Overseas at Completion.

(e) *Deed of Indemnity*

On Completion, CM Overseas shall together with other JV Shareholders (except for Santarli Corporation) provide an indemnity in favour of SHPL and the SHPL Shareholders on a several liability basis for any liabilities arising out of the Bank Loan extended to the JV Company in accordance with their respective shareholding proportions in the JV Company (in consideration of SHPL and each of the SHPL Shareholders providing a joint and several guarantee to the relevant bank to secure the Bank Loan and interest thereon for the JV Company).

LETTER FROM THE BOARD

(f) *Appointment of observer*

Santarli Corporation has undertaken to procure that a person nominated by CM Overseas shall be appointed as an observer of the Executive Committee (as defined below) prior to Completion. The observer shall be entitled to attend and speak at all the meetings of the Executive Committee, but shall not be entitled to vote on any resolution of the Executive Committee at such meetings.

2.3.4 Rationale for Proposed Acquisition

The Proposed Acquisition is to facilitate and effect the Proposed Investment, since CM Overseas was unable to enter into the Initial Joint Venture Agreement to subscribe for a 10% equity interest in the JV Company together with the Initial JV Shareholders. Pursuant to the terms of the Proposed Acquisition, CM Overseas would be able to acquire the 10% equity interest in the JV Company which it had originally agreed to take up under the MOU and which was taken up by Santarli Corporation in its place, at the same pricing and on substantially the same terms as contemplated under the MOU and the Initial Joint Venture Agreement.

2.4 Information on the JV Company and the Pheng Geck Project

2.4.1 JV Company

Santarli Realty is a private limited company incorporated in Singapore on 16 July 2012 and is a special purpose vehicle incorporated for the purpose of the Pheng Geck Project.

As at the date of the Initial Joint Venture Agreement, the Initial JV Shareholders and their respective shareholdings in the JV Company were as follows:

Name of shareholder	Shares	Shareholding	
		Percentage	
Santarli Corporation	800,000	80%	
Hsiangkang Enterprise	100,000	10%	
Excel Precast	100,000	10%	
Total	1,000,000	100%	

As Santarli Corporation and Excel Precast are members of Santarli Group, the total shareholding of Santarli Group in the JV Company was 900,000 shares (shareholding percentage – 90%).

As at the Latest Practicable Date, the JV Company has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares. Shareholders' approval for the Transview Transaction has been obtained on 27 December 2012. As at the Latest Practicable Date, the JV Shareholders and shareholding of the JV Company are as follows:-

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Name of shareholder	Shares	Shareholding Percentage
Santarli Corporation	700,000	70%
Excel Precast	100,000	10%
Hsiangkang Enterprise	100,000	10%
Transview	100,000	10%
Total	1,000,000	100%

As Santarli Corporation and Excel Precast are members of Santarli Group, the total shareholding of Santarli Group in the JV Company is 800,000 shares (shareholding percentage – 80%).

Upon Completion, the JV Shareholders and shareholding of the JV Company shall be as follows:

Name of shareholder	Shares	Shareholding percentage
Santarli Corporation	600,000	60%
Excel Precast	100,000	10%
Hsiangkang Enterprise	100,000	10%
Transview	100,000	10%
CM Overseas	100,000	10%
Total	1,000,000	100%

As Santarli Corporation and Excel Precast are members of Santarli Group, the total shareholding of Santarli Group in the JV Company will be 700,000 shares (shareholding percentage – 70%).

2.4.2 Information on the Group and the JV Shareholders

The Group is principally engaged in the provision of marine transportation services, property holding, investment holding and the provision of administrative services.

The Santarli Group primarily engages in the provision of construction services, with its head office in Singapore. SHPL is the holding company of the Santarli Group. Santarli Corporation, Santarli Construction and Santarli Management are all members of the Santarli Group. Mr. Lee Boon Teow, Mr. Chan Thiam Seng and Mr. Sim How Tiong, three members of the JV Board, are the founders of the Santarli Group.

The Group has provided vessel chartering services to the Santarli Group since 2007 in respect of the transport of sea sand. Hence, the Group and the Santarli Group have established mutual trust in each other. Excel Precast is also a member of the Santarli Group.

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Transview Holdings is a company the shares of which are listed on the SGX-ST, and principally engages in the sale of golf equipment and accessories.

To the best of the Directors' information, knowledge, belief (having made reasonable enquiries) and save as disclosed in Section 7, members of the Santarli Group, Transview Holdings, their ultimate beneficial owners are independent third parties and are not connected persons (as defined under the HK Listing Rules) of the Company.

Hsiangkang Enterprise is principally engaged in investment holding and is controlled by Mr. Chen Shin-Yung. Information about Hsiangkang Enterprise is further disclosed in Section 2.7.3.

To the best of the Directors' information, knowledge, belief (having made reasonable enquiries) and save as disclosed above, each of the JV Shareholders is independent from each other.

2.4.3 Information on the Pheng Geck Project

The Pheng Geck Project relates to the acquisition and development of the Land.

At the time of the MOU, the estimated Total Development Cost of the Pheng Geck Project was S\$176,500,000 inclusive of the acquisition cost of the Land in the sum of S\$114,800,000. The estimated Total Development Cost was proposed to be funded as to S\$55,000,000 by way of JV Shareholders' contribution and as to the remaining S\$121,500,000 by way of bank loan to the JV Company. Subsequently, the Bank Loan obtained is of the sum of S\$122,500,000.

As at the Latest Practicable Date, the JV Company is registered as the registered proprietor of the Land subject to a 99 years lease commencing from 1 October 2012.

A Grant of Written Permission was issued to the JV Company on 23 January 2013 vide Urban Development Authority of Singapore for the proposed condominium housing development. The housing development of the Pheng Geck Project has been named the "Sant Ritz", which upon completion will comprise of 175 units of apartments housed with a 19-storey tower block and 39 units of houses with part 4/part 5-storey row houses. The pre-sale of "Sant Ritz" was officially launched in April 2013. As of 22 April 2013 after 2 weeks of the public launch, 101 units have been sold with a potential gross sales revenue of S\$115,292,899.

The JV Company has informed the Company that the Total Development Cost (updated as at March 2013) was S\$215,108,042.

For further and more detailed information of the Land and the Pheng Geck Project, please refer to the Valuation Report in Appendix V.

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2.5 The Amended and Restated JVA

2.5.1 *Entry of Amended and Restated JVA on Completion*

On Completion, the Initial JV Shareholders, the JV Company, CM Overseas and Transview will enter into the amended and restated joint venture agreement (the “**Amended and Restated JVA**”) set out in the Share Purchase Agreement, which will supercede and replace, *inter alia*, the Initial Joint Venture Agreement, to regulate their relationship *inter se* as joint venture partners for the Pheng Geck Project and to regulate their relationship *inter se* as shareholders of the JV Company.

2.5.2 *Material Terms of the Amended and Restated JVA*

(a) *Business of the JV Company*

The business of the JV Company shall be to, *inter alia*, purchase the Land; to develop the Pheng Geck Project; to sell all the units in the Pheng Geck Project and if any such unit cannot be sold, to lease such unit (pending the sale of such unit), and to do all acts, matters and things which may be incidental to, necessary for and/or ancillary to, or which may be carried out for or in conjunction with such business.

(b) *Main Contractor of Pheng Geck Project*

Santarli Construction shall be appointed as the main contractor for the construction of the Pheng Geck Project and Santarli Management shall be appointed to, *inter alia*, lead and manage the project team in the development of the Pheng Geck Project and to provide sales and marketing services in respect of the Pheng Geck Project.

(c) *Board of Directors*

The JV Board shall comprise of four (4) directors appointed by Santarli Corporation. Unless otherwise unanimously agreed by the JV Shareholders in writing, the JV Board shall consist of not more than four (4) directors. The quorum for all meetings of the JV Board shall be any three (3) directors.

(d) *Executive Committee and JV Board*

Executive Committee

An executive committee shall be established to review and provide feedback on the progress of the Pheng Geck Project (the “**Executive Committee**”), and unless unanimously agreed by the JV Shareholders in writing, the Executive Committee shall consist of not more than 10 members. Each JV Shareholder (save for Santarli Corporation) shall be entitled to appoint (and also to remove and replace) one member to the Executive Committee and

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Santarli Corporation shall be entitled to appoint (and also to remove and replace) such number of members to the Executive Committee in its discretion. The duties and powers of the Executive Committee shall be approved by the JV Board.

JV Board

Each JV Shareholder shall be entitled to nominate one person as an observer who shall have the right to attend and speak at all meetings of the JV Board but shall not vote on any resolution of the JV Board.

Access to information

The JV Shareholders shall, through the members of the Executive Committee and the observers they appointed, have access to documentation as may be approved by the JV Board, such as progress reports, financial updates and written recommendations from the JV Board.

Save for the right to appoint (and also to remove and replace) one member to the Executive Committee and to nominate one person as an observer at the meetings of the JV Board, CM Overseas does not have any other representation or observer status in relation to the JV Board and the Executive Committee.

(e) Bank signatories

Santarli Corporation shall be entitled to nominate all of the JV Company's bank signatories.

(f) General Meetings of JV Company

The quorum for all general meetings of the JV Company shall be any two (2) JV Shareholders including Santarli Corporation. Subject to any additional requirements specified by the Companies Act (Chapter 50 of Singapore), all questions (save and except the reserved matters set out herein below) arising at a general meeting of the JV Company shall be decided by a simple majority.

The reserved matters requiring the approval of the JV Shareholders representing at least 75% of the issued share capital of the JV Company are as follows:

- (i) any amendment to the Memorandum of Association and/or the Articles of Association of the JV Company;
- (ii) an increase to the issued share capital of the JV Company;
- (iii) the issue of any new class of shares in the share capital of the JV Company; and

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- (iv) any change in the nature and/or scope of the business of the JV Company.

Deadlock arrangement is available in the event that either the requisite approval of the JV Shareholders (save for Santarli Corporation) for any reserved matters or any matter under law requiring the written approval of the JV Shareholders holding in aggregate not less than 75 percent of the issued share capital in the JV Company cannot be obtained. Under the deadlock arrangement, the dissenting JV Shareholders shall be bought out by the continuing JV Shareholders at the fair value to be determined by the auditors of the JV Company if deadlock persists. Santarli Group cannot unilaterally approve any reserved matters or any matter under law requiring the written approval of the JV Shareholders holding in aggregate not less than 75 percent of the issued share capital in the JV Company.

The Board takes the view that the information rights on the finances and progress of the Pheng Geck Project made available to the JV Shareholders through being members of the Executive Committee and observers to the JV Board together with the deadlock arrangement mentioned above would adequately safeguard the interest of the Company.

- (g) *No encumbrance on the shares of the JV Company*

No JV Shareholder shall, except with the prior written consent of the other JV Shareholders, create or permit to subsist any pledge, lien or charge over, or grant any option or other rights or dispose of any interest in, all or any of the shares of the JV Company held by it, except as provided in the Amended and Restated JVA.

- (h) *Contribution by JV Shareholders*

The JV Shareholders have to contribute funds to the JV Company by way of shareholders' loan up to a maximum of S\$54,000,000 to finance the carrying on of the business of the JV Company to the extent that such funding requirements are not financed from external sources by way of loans and other credit facilities from banks or other credit providing institutions (“**External Financing**”).

- (i) *Third Party Financing*

Where additional funding by the JV Company is required over and above the Bank Loan through External Financing, and in the event such additional funding is conditional upon the furnishing of Undertakings by the JV Shareholders or any of their respective related corporations, each of the JV Shareholders shall undertake such Undertakings in accordance with their respective shareholding proportions, provided that the External Financing and the Bank Loan shall not exceed 80% of the Total Development Cost.

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(j) *Liability*

Each of the JV Shareholders shall bear the aggregate amount of any liability arising under all Undertakings furnished by the JV Shareholders or any of their respective related corporations *inter se* in accordance with their respective shareholdings in the JV Company and shall indemnify and hold harmless the other JV Shareholders from and against all losses which the other JV Shareholders may at any time and from time to time sustain, incur or suffer as a result of or arising out of or in connection with any of the Undertakings given by the other JV Shareholders in excess of their pro rata portion based on their respective shareholdings.

(k) *Dividend*

The declaration of dividends by the JV Company for each financial year shall be determined by the JV Board, as the JV Board may think fit.

(l) *Reserved Matters*

Certain key matters in relation to the JV Company shall be subject to the prior written approval of the JV Shareholders representing at least 75% of the issued share capital of the JV Company.

(m) *Transfer of JV Shares*

Transfer of JV Shares by a JV Shareholder is subject to pre-emption right of the other JV Shareholders except for transfer between holding company and its direct or indirect wholly-owned subsidiaries.

2.6 Rationale for the Proposed Investment

2.6.1 *Diversification of business*

The Group principally engages in the business of providing vessel chartering services to charterers, and the dry bulk market, which the Group is engaged in, is under intense pressure as the retreating weight of the PRC as the driver of that market is extensively felt. In the light of the weak dry bulk market, the Group needs to adopt a diversification approach in its long-term growth strategy, to diversify its income base to reduce its dependence on freight income, with a view to sustaining and enhancing Shareholders' value and returns.

2.6.2 *Limited investment and involvement*

The Proposed Investment, if approved by the Shareholders, will form part of the Proposed Property Investment Business of the Company. The Proposed Property Investment Business is a new area of business which the Company has no prior experience in. It would not

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be in the interest of the Company to acquire a substantial equity in a property venture which necessarily involves more capital commitment. It would also not be in the interest of the Company to manage such a property venture.

2.6.3 Strategic partners

Under the terms of the Amended and Restated JVA, the Pheng Geck Project will be managed substantially by the Santarli Group, and the Group will not be actively involved in the management of the Pheng Geck Project. The Board believes that the Santarli Group has the requisite experience, expertise and resources to manage the Pheng Geck Project successfully. The Group has been providing vessel chartering services to the Santarli Group since 2007, and through the existing working relationship, is confident of the Santarli Group's ability and integrity.

2.7 Relevant requirements under Chapter 10 of the SGX-ST Listing Manual, Chapter 14 and Chapter 14A of the HK Listing Rules

2.7.1 Relevant figures under Chapter 10 of the SGX-ST Listing Manual

Pursuant to the terms of the Share Purchase Agreement, the aggregate total commitment of CM Overseas under the Share Purchase Agreement was approximately S\$17,750,000 (equivalent to approximately US\$14,022,500) ("**Total Commitment**") comprising:-

- (a) the Consideration of up to a maximum aggregate amount of S\$5,500,000 payable by CM Overseas for the purchase of the Sale Shares and the Shareholder's Loans under the Proposed Acquisition, which shall be deemed satisfied and settled in full by a release and discharge of the Relevant Amount, which as at the Latest Practicable Date, equals the CM Overseas Loan; and
- (b) CM Overseas' contingent liability under a back-to-back guarantee to be given by the JV Shareholders (except for Santarli Corporation) in favour of SHPL and the SHPL Shareholders on a several liability basis in proportion to their respective equity holding in the JV Company (in consideration of SHPL and each of the SHPL Shareholders providing a joint and several guarantee to a bank to secure the Bank Loan and interest thereon for the JV Company), where the amount of such contingent liability is up to S\$12,250,000 in respect of the principal amount of the Bank Loan, exclusive of interest on the Bank Loan.

In proportion to CM Overseas' equity interest in the JV Company, the Total Commitment is 10% of the Total Development Cost, which includes the costs of the Land, the aggregate amount of all contract sums for all construction contracts awarded by the JV Company in respect of the development and construction of the Pheng Geck Project, the costs of engaging consultants, costs of marketing sales, costs of external financing in respect of the Pheng Geck Project and all other items of costs in relation to the Land and the Pheng Geck Project necessary for the purpose of carrying on the business of the JV Company.

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27.1.1 *Relative Figures for the Proposed Investment*

As of 13 July 2012, which was the date of the Company's announcement of the Proposed Investment as contemplated under the MOU, the relative figure of the Total Commitment over the SGX-ST Market Capitalisation (as defined below) is 21.10%. Shareholders' approval is to be sought for the Proposed Investment as the Proposed Investment is regarded as a major transaction pursuant to Rule 1014(1) and 1014(2) of the SGX-ST Listing Manual and a waiver was not granted by the SGX-ST to waive the requirement under Rule 1014(2) of the SGX-ST Listing Manual.

"**SGX-ST Market Capitalisation**" is computed based on the total number of issued shares of the Company of 1,058,829,308 Shares multiplied by S\$0.079, which is the closing price of the Shares traded on the SGX-ST on 12 July 2012.

27.1.2 *Relative Figures for the Proposed Acquisition*

Using the Total Commitment for the purposes of calculating the relative figures computed on the basis set out in Rule 1006 of the SGX-ST Listing Manual in relation to the Proposed Acquisition, the relative figures computed on the basis set out in Rule 1006 of the SGX-ST Listing Manual in relation to the Proposed Acquisition are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	NA
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	NA
(c)	The aggregate value of the Total Commitment compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares) as at 14 September 2012, being the date of the Share Purchase Agreement.	27.04%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	NA

As the computed figure under Rule 1006(c) in the table above exceeds 20%, the Proposed Investment is classified as a major transaction for the purposes of Chapter 10 of the SGX-ST Listing Manual. Accordingly, Shareholders' approval is required for the Proposed Acquisition pursuant to Rule 1014(2) of the SGX-ST Listing Manual.

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2.7.2 Relative figures under Chapter 14 of the HK Listing Rules

On 17 September 2012, the Company announced that as one of the applicable percentage ratios (as defined in the HK Listing Rules) in respect of the Total Commitment had exceeded 25% but was less than 100%, the Proposed Investment constituted a major transaction for the Company under the HK Listing Rules and Shareholders' approval is required for the Proposed Acquisition pursuant to Chapter 14 of the HK Listing Rules.

2.7.3 Connected Transaction

Hsiangkang Enterprise is a JV Shareholder pursuant to the Initial Joint Venture Agreement and holds 10% of the voting power of the JV Company at any general meeting of the JV Company. As at the Latest Practicable Date, Hsiangkang Enterprise has paid S\$100,000 to the JV Company for the subscription of 100,000 JV Company Shares and S\$5,400,000 to the JV Company as shareholder's loan. Hsiangkang Enterprise is an associate of Mr. Chen Shin-Yung and is thus a connected person of the Company. Mr. Chen Shin Yung is a substantial shareholder (as defined in the HK Listing Rules) of the Company through his shareholding in China Harvest Enterprise Limited and he was also a past executive Director who resigned from his directorship on 16 March 2012. Upon Completion, CM Overseas and Hsiangkang Enterprise shall (amongst other parties) become parties to the joint venture to be carried on by the JV Company. CM Overseas' participation in the JV Company also constitutes a connected transaction for the Company under Chapter 14A of the HK Listing Rules.

As CM Overseas' participation in the JV Company (of which Hsiangkang Enterprise is a JV Shareholder) upon Completion will constitute a connected transaction, Independent Shareholders' approval is required for the Proposed Investment pursuant to Chapter 14A of the HK Listing Rules.

2.7.4 HK Listing Rules requirements for Major and Connected Transactions and Valuation of Property

Rule 13.39(6) of the HK Listing Rules (which apply to connected transactions that are subject to independent shareholders' approval) requires, *inter alia*, the Company to establish an independent board committee (which shall consist only of independent non-executive Directors), and to appoint an independent financial adviser for the purposes of advising Shareholders as to whether the terms of the connected transaction element within the Proposed Investment are fair and reasonable and whether the connected transaction element within the Proposed Investment is in the interests of the Company and Shareholders as a whole, and to advise Shareholders on how to vote.

Rule 13.39(7) of the HK Listing Rules further provides that separate letters from the Independent Board Committee and the Independent Financial Adviser have to be included in the Circular advising (in the case of the Independent Board Committee) or recommending (in the case of the Independent Financial Adviser) whether the terms of the connected transaction element within the Proposed Investment are fair and reasonable and whether the connected transaction element within the Proposed Investment is in the interests of the Company and

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Shareholders as a whole, and to advise Shareholders on how to vote. The aforementioned letters from the Independent Board Committee and the Independent Financial Adviser are contained in “Letter from the Independent Board Committee” and “Letter from Altus” of this Circular respectively.

An accountants’ report on the JV Company, a pro forma statement of the assets and liabilities of the Group combined with the assets and liabilities of the JV Company and a management discussion and analysis of the results of the JV Company are required under Rules 14.67(6)(a) and 14.67(7) of the HK Listing Rules as the Proposed Acquisition is an acquisition of a company. The SEHK has granted a waiver of the accountants’ report under Rule 14.67(6)(a)(i), further details of which are set out in Appendix II to this Circular. The aforementioned management discussion and analysis and pro forma statement are contained in Appendix III and Appendix IV to this Circular respectively.

Further, Rule 5.02 of the HK Listing Rules requires a valuation report containing, *inter alia*, information on the property of the JV Company to be included in the Circular as the JV Company’s assets consist mainly of property. The valuation report setting out the information on the Pheng Geck Project as required under Rules 5.05 and 5.06 of the HK Listing Rules is contained in Appendix V to this Circular.

2.7.5 To Seek Independent Shareholders’ Approval for the Proposed Investment at SGM

In consideration of the requirements under the SGX-ST Listing Manual and the HK Listing Rules in respect of the Proposed Investment as outlined above, the Company will be seeking the approval of Independent Shareholders for the Proposed Investment at the SGM.

As at the Latest Practicable Date, Mr. Chen Shin-Yung (including his associates) is interested in 142,081,611 Shares (representing approximately 13.419% of the issued share capital of the Company) under the SFO and Mr. Chen and his associates will abstain from voting on the relevant resolution approving the Proposed Investment to be proposed at the SGM. No other Shareholders have a material interest in the Proposed Investment which will require them to abstain from voting at the SGM.

2.8 Financial Effects of the Proposed Acquisition and Proposed Investment

The Proposed Acquisition and the Proposed Investment is not expected to have a material effect on the net tangible assets per Share and the earnings per Share for the financial year ending 31 December 2013.

Upon Completion, interest-free loan advanced to Santarli Corporation amounting to S\$5,500,000 (equivalent to US\$4,345,000) will be used to offset the Consideration. S\$100,000 (equivalent to US\$79,000) will be transferred from long-term receivables to available-for-sale investment while the remaining S\$5,400,000 (equivalent to US\$4,266,000) will be accounted for as shareholders’ loan and remains in long-term receivables. There is no impact to the earnings of the Group.

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3. THE PROPOSED DIVERSIFICATION INTO THE PROPOSED PROPERTY INVESTMENT BUSINESS

3.1 Proposed Property Investments

Apart from the Pheng Geck Project, the Group intends to explore other opportunities for acquiring equity or other interests in or otherwise investing in real estate or property development projects, as part of its plans to diversify into the Proposed Property Investment Business.

The Group intends to acquire or invest in real estate or property development and/or investment projects (collectively the “**Proposed Property Investments**”, each a “Proposed Property Investment”) based on the following guidelines and policies:

- (i) The Group will focus on residential, commercial, warehousing, or mixed-use projects in the Prescribed Territories.
- (ii) The Group will mainly focus on new developments or projects, although the Group may also consider participating in completed or existing developments or projects, where suitable opportunities arise.
- (iii) Each Proposed Property Investment will not exceed US\$10 million in size in terms of aggregate capital contributions or investments made or to be made by the Group, whether contributions or investments by way of share capital, shareholders’ loans or advances, other quasi-equity instruments such as convertible bonds or notes, granting of corporate guarantees or other financial accommodation, unless there is a need for any Follow-on Investment to be made in respect of such Proposed Property Investment.
- (iv) The aggregate of all the Proposed Property Investments, including all Follow-on Investments (where applicable), shall not exceed US\$30 million in size in terms of aggregate capital contributions or investments made or to be made by the Group, whether contributions by way of share capital, shareholders’ loans or advances, other quasi-equity instruments such as convertible bonds or notes, granting of corporate guarantees or other financial accommodation.
- (v) The Group will typically look at acquiring a minority shareholding or equity interest or stake not exceeding 50% of the total shareholding or equity of the development or project.
- (vi) The Group will undertake the Proposed Property Investments in joint venture with other parties, and will seek to tie-up with joint venture partners located or operating in the Prescribed Territories and having the suitable track record, expertise or knowledge required for the building and construction, marketing and sales and operations or management of the development or project, for instance construction companies, project managers and the like.

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- (vii) The Group will mainly focus on the Proposed Property Investments which are contemplated to provide an exit or return on investment or capital, either through completion and launch of units for sale, trade sale or other divestment modes, of between 3 to 5 years.

The aforesaid limits of US\$10 million and US\$30 million in Sections 3.1(iii) and 3.1(iv) respectively have been set by the Company after taking into account, *inter alia*, the net tangible assets of the Group, the market capitalisation of the Company, the typical size and quantum of real estate or property development and/or investment projects and the Company's intended investment size for the Proposed Property Investments.

The maximum limit of US\$10 million on the size of each Proposed Property Investment represents 17.27% of the market capitalisation of the Company calculated based on the total number of issued Shares and the closing price of such Shares on the SGX-ST as at the Latest Practicable Date.

The maximum limit of US\$30 million on the size of the aggregate of all the Proposed Property Investments represents 51.8% of the market capitalisation of the Company calculated based on the total number of issued Shares and the closing price of such Shares on the SGX-ST as at the Latest Practicable Date.

Notwithstanding the above guidelines and policies, Shareholders should note that the property market is not stagnant and evolves due to changing market circumstances, laws and government policies. Accordingly, the Directors may from time to time review the Group's guidelines and policies on Proposed Property Investments and in the event any material changes to the Group's guidelines and policies are required to be made, the Company may where necessary or desirable seek the further approval of Shareholders at general meeting.

For the avoidance of doubt, the above guidelines and policies shall not apply to the Group's office premises in Hong Kong and the Group's investment property in Shanghai.

3.2 Shareholders' approval for the Proposed Property Investments

Depending on, *inter alia*, the size of the Property Investments, the acquisitions or divestments of some Proposed Property Investments may be regarded as acquisitions or divestments which would fall under the applicable requirements of Chapter 10 of the SGX-ST Listing Manual.

Under Chapter 10 of the SGX-ST Listing Manual, if an acquisition or disposal of assets is other than in the ordinary course of business of the Company and the Group and is one where the relative figures computed on the bases as set out under Rule 1006 of the SGX-ST Listing Manual exceeds 5% but does not exceed 20%, such transaction is a discloseable transaction, requiring an immediate announcement of the transaction to be made, and if an acquisition or disposal of assets is one where the relative figures computed on the bases as set out under Rule 1006 of the SGX-ST Listing Manual exceeds 20%, such transaction is a major transaction, requiring Shareholders' approval of the Company to be obtained for the transaction. If an acquisition of assets (whether or not the acquisition is deemed in the ordinary course of business of the Company) is one where any of the relative figures as computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual is 100% or more, or is

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one which will result in a change in control of the Company, such transaction will be classified as a very substantial acquisition or reverse takeover respectively, and the Company will have to comply with the relevant rules under Chapter 10 of the SGX-ST Listing Manual.

Under the HK Listing Rules, a transaction including an acquisition or disposal of assets or the entering into of a joint venture agreement or the provision of indemnity, guarantee or financial assistance by the Company may be subject to notification, publication and Shareholders' approval requirements depending on the applicable percentage ratios as applied in that transaction. Under the HK Listing Rules, the Company may satisfy the requirement for Shareholders' approval under Rule 14.40 of the HK Listing Rules by means of written Shareholders' approval (that is a shareholder in a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting to approve that transaction) pursuant to Rule 14.44 of the HK Listing Rules in lieu of holding of a general meeting of the Company to approve the transaction.

As a result of the foregoing requirements, if any member of the Group intends to enter into any Proposed Property Investment which exceeds the relevant thresholds under the SGX-ST Listing Manual or the HK Listing Rules, it will only be able to enter into an agreement in relation to the same subject to and conditional upon Shareholders' approval being obtained.

This may lead to delays or otherwise restrict or reduce the Group's ability to execute or implement the Proposed Property Investments in a timely, efficient and cost-effective manner due to, *inter alia*, the time required to prepare and issue the circular to Shareholders and to convene a general meeting of Shareholders in order to seek such Shareholders' approval.

Also, one of the bases as set out under Rule 1006 (c) of the SGX-ST Listing Manual compares the aggregate value of the consideration given or received, compared to the issuer's market capitalisation based on the total number of issued shares excluding treasury shares. Accordingly, whether a property investment proposed to be made by the Group may fall under the ambit of a transaction governed under the applicable SGX-ST Listing Manual or the HK Listing Rules may vary from time to time depending on, *inter alia*, the market capitalisation of the Company at the relevant time, and may also vary by comparison between the market capitalisation of the Shares on the Main Board of the SGX-ST and the market capitalisation of the Shares on the SEHK. This may introduce some uncertainty in ascertaining whether a particular Proposed Property Investment may be considered a major transaction for which Shareholders' approval is required, and hamper the Group's ability to effectively pursue opportunities for property investments.

By approving the proposed diversification into the Proposed Property Investment Business, Shareholders would be granting a pre-approval and general mandate and authority for the Directors to pursue, enter into, execute and implement one or more Proposed Property Investments without having to seek the specific or further approval of Shareholders for such Proposed Property Investments, whether at a general meeting or by written resolution or otherwise, notwithstanding that the relative figures computed on any one or more of the bases as set out under Rule 1006 of the SGX-ST Listing Manual in respect of such Proposed Property Investments may otherwise exceed 20%.

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Under the HK Listing Rules, it is not possible to obtain such pre-approval and general mandate for a transaction requiring shareholders' approval. However, as the threshold for a transaction requiring Shareholders' approval under SGX-ST Listing Manual is lower than such threshold under HK Listing Rules, such pre-approval and general mandate so obtained would mean that for a transaction attaining the threshold requiring Shareholders' approval under SGX-ST Listing Manual but not yet attaining the threshold requiring Shareholders' approval under HK Listing Rules, Shareholders' approval can be dispensed with under the SGX-ST Listing Manual.

3.3 Rationale for the Proposed Diversification into the Proposed Property Investment Business

As the Group transports goods such as sand, cement and gravel which are raw materials typically used by the building and construction industry, the Group has built up a network of customer or contacts in the markets which it operates in who are active players in such industry or markets. As a result, the Group is often approached with offers or opportunities for investments or joint ventures in real estate or property developments or projects by such parties.

The Directors are of the view that despite some uncertainty over Singapore's general economic conditions and direction of the property market in the short term, over the mid to long-term, the growth and continued prospects of the Singapore residential property market, both the luxury high-end sector and mass-market sector, should remain upbeat, due to the continued demand for housing from residents as well as Singapore's position as an attractive real estate market for investment in Asia for both local and international investors.

The other Prescribed Territory where the Group intends to focus on in seeking opportunities for its Proposed Property Investment Business is the PRC, including for this purpose, Hong Kong and Macau. The PRC is the most populous country in the world, and has enjoyed rapid economic development since its entry into the World Trade Organisation in 2001. This has led to an increase in its GDP per capita and per capita disposable income. There is also increasing urbanisation of its population, and rapid growth of its cities and metropolises, not just first-tier cities like Beijing and Shanghai but also other second and third-tier cities such as Zhuhai and Nanning. All this will lead to increased demand for housing by urban residents, and encourage individual and corporate investment in property.

As property development and investment is not currently part of the core competencies and expertise of the management of the Group, the Group intends to limit its financial exposure in its Proposed Property Investments, *inter alia*, by limiting the size of each Proposed Property Investment and an overall maximum limit or cap on all Proposed Property Investments to be made under the current pre-approval or general mandate for the Proposed Property Investments to be sought from Shareholders in connection with Shareholders' approval of the proposed diversification into the Proposed Property Investments. The Group also intends to limit its participation in each Proposed Property Investment to a minority stake and in joint venture with established parties in the industry, so as to be able to leverage on the joint venture partners' track record, expertise and know-how.

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In view of the foregoing considerations, the Directors are of the view that the proposed diversification into the Proposed Property Investment Business represents an opportunity for the Group to establish a new and profitable business segment for the Group, while at the same time having certain safeguards or measures to limit the scope of the Group's financial exposure or involvement in the operations and management of such business.

4. RISK FACTORS

To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the proposed diversification into the Proposed Property Investment Business have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed Property Investment Business, this may have a material and adverse impact on the Proposed Property Investment Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted. The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the Directors to predict all risk factors, nor can the Group assess the impact of all factors on the Proposed Property Investment Business or the extent to which any factor, or combination of factors, may affect the Proposed Property Investment Business. There may also be other risks associated with entering into the Proposed Property Investment Business that are not presently known to the Group, or that the Group may currently deem immaterial and as such have not been included in the discussion below.

4.1 General Risk factors relating to proposed diversification

We do not have a track record for operating or managing the Proposed Property Investment Business

The proposed diversification into the Proposed Property Investment Business involves numerous risks, some of which are further highlighted below, and as the Group does not have any prior experience or a proven track record in operating or managing such business, there is no assurance that the Proposed Property Investments will be profitable or generate positive returns on capital or investment.

There is no assurance that our proposed diversification into the Proposed Property Investment Business will be commercially successful

Our proposed diversification into the Proposed Property Investment Business generally involves numerous risks, including but not limited to, the financial costs of the capital contributions, capital expenditure and/or working capital which may be required to establish, operate or sustain such businesses. Such diversification plans may also divert our management's attention and expose our business to unforeseen liabilities or risks associated with entering new markets or new businesses. There is no assurance that such diversification of business will be commercially successful, and in the event it is not, we face the risk of losses or provisions for write-offs or write-downs of our capital contributions, expenditure or investments, the incurrence of borrowings, debt, contingent liabilities, possible impairment charges related to goodwill or other intangible assets or any other unanticipated events or circumstances, and our financial position and performance may be materially and adversely affected.

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4.2 Risk Factors in relation to the Proposed Diversification into the Proposed Property Investment

The property market and our Proposed Property Investments are reliant on the general state of the economy in the Prescribed Territories

The performance of the Proposed Property Investments is largely dependent on the property market in the Prescribed Territories, which is in turn affected by the general economic outlook in the Prescribed Territories. Property prices are largely affected by cyclical supply and demand for properties, such demand typically being affected by the general state of the economy, which is in turn, affected by global economic conditions.

Poor or uncertain economic conditions may result in more caution on the part of home purchasers and consequently may make fewer home purchasers. These economic uncertainties involve, among other things, conditions of supply and demand, changes in consumer confidence and income, employment levels, and government regulations. These risks and uncertainties could periodically have an adverse effect on consumer demand for and the pricing of properties. Property prices are also sensitive to local market sentiments and expectations, which are again dependent on the global economic outlook. A prolonged deterioration in the global economy may dampen market sentiments for a longer period of time than is usual in a cyclical downturn, thus adversely affecting demand for properties and depressing property prices further. New project launches may have to be held back due to poor sentiments in a soft market, thereby delaying the divestment, realisation or return of capital or investment in respect of our Proposed Property Investments. This would have an adverse effect on our revenue, profitability and financial performance.

The property development and construction industries in the Prescribed Territories are subject to changes in the relevant laws and regulations

The property development and construction industries in the Prescribed Territories are highly regulated and there can be no assurance that the regulatory environment in which our Proposed Property Investments operate under will not change significantly in the future.

For instance, in Singapore, the property development and construction industries are subject to laws and regulations such as the Building Control Act, the Housing Developers Act and their related subsidiary legislation, which requires property developers or contractors to engage licensed tradesmen, adhere to applicable codes of practice and meet certain financial requirements. Any change to the relevant laws and regulations may affect the business operations and/or financial performance of the Proposed Property Investments.

There is also no assurance that our Proposed Property Investments will be able to obtain all the necessary licences and permits required before purchasing or acquiring any interest in residential property for the purposes of development and sale, or for all relevant licences or permits required for the design and construction and upon completion, for the launch and sale of units. For instance, in Singapore, developers are required to apply for a Qualifying Certificate from the Controller of Residential Property. In the event of any delays or inability to

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obtain any of the required licences or permits, our Proposed Property Investments will be adversely affected, and the divestment, realisation or return of capital or investment in respect of our Proposed Property Investments may be adversely affected. This would have an adverse effect on our revenue, profitability and financial performance.

We are exposed to risks in the property sector in the Prescribed Territories

Our property development and property investment projects will be based in the Prescribed Territories. As such, our financial performance and position arising from our proposed diversification into the Proposed Property Investment Business may be adversely affected as a result of exposure to the risks inherent in these businesses and markets.

Relevant risks in relation to the Prescribed Territories include episodic oversupply of properties for sale or for lease, competition from other property developers, property downturns resulting from changes in the state of the economy, increases in construction and maintenance costs, energy costs and price of raw materials, government policies or changes in bank interest rates and/or changes in bank lending or credit policies. There is no assurance that cyclical property downturns, changes in wages, and other unfavorable economic, social and political conditions in the Prescribed Territories will not adversely affect the results or operations of our Proposed Property Investments.

The property markets in the Prescribed Territories are also subject to various rules, regulations and policies imposed by the relevant government and regulatory authorities in such countries. The relevant government or regulatory authorities may introduce new policies or amend or abolish existing policies at any time. These changes may have a material and adverse impact on the consumer demand for housing, supply of land for housing and/or costs.

For instance, in Singapore, in September 2009, the government abolished the interest absorption scheme (the “IAS”) and interest-only housing loans (the “IOL”), which are usually offered to purchasers of uncompleted private residential properties to lower their upfront payment until the property project is issued with TOP upon completion. The abolition of IAS and IOL aimed to encourage prospective purchasers to consider carefully their ability to afford the properties over the long term and not to rush into any purchases.

In February 2010, the government imposed stamp duty on sellers of private residential properties and residential land, bought on or after 20 February 2010, and sold within one year from the date of purchase to discourage short-term speculative activity. The loan-to-value (“LTV”) limit was also lowered from 90% to 80% for all housing loans provided by financial institutions regulated by the MAS to encourage greater financial prudence among property purchasers.

In August 2010, the government further announced that seller’s stamp duty will be payable on residential properties which are bought on or after 30 August 2010 and sold within three years of acquisition. In addition, for property purchasers who already have one or more outstanding housing loans at the time of the new housing purchase, the minimum cash payment

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is increased from 5% to 10% of the valuation limit, and the LTV limit for housing loans granted by financial institutions regulated by the MAS to these purchasers is decreased from 80% to 70%.

In January 2011, as part of the government's measures to maintain a stable and sustainable property market, the government lowered the LTV limits from 70% to 60% for individual purchasers who already had one or more outstanding housing loans at the time of the new house purchasing. The LTV limit for non-individual property purchasers was also decreased to 50%.

In December 2011, the government introduced an additional buyer's stamp duty ("ABSD") to moderate investment demand for private residential property and promote a sustainable property market. The ABSD is imposed over and above the existing buyer's stamp duty, and the rates are determined by the number of properties owned and whether the purchaser is a foreigner, permanent resident or Singapore citizen.

In October 2012, the government announced that the maximum tenure of all new residential property loans will be capped at 35 years. For tenures exceeding 30 years or loan periods that extend beyond the retirement age of 65, the LTV limit is decreased to 40% for individual purchasers who already had one or more outstanding housing loans at the time of the new house purchasing, and 60% for individual purchasers with no outstanding loans. The LTV limit for non-individual purchasers was also decreased to 40%.

In January 2013, the government revised the ABSD rates applicable to purchases or acquisitions of residential properties. In addition, for individual purchasers who already have one or more outstanding housing loans at the time of the new house purchasing, the minimum cash payment required is increased from 10% to 25% of the valuation limit. For individual purchasers who are obtaining a second housing loan, the LTV limit is decreased to 50%, or 30% if the loan tenure exceeds 30 years or the loan period extends beyond the borrower's retirement age of 65. For individual purchasers who are obtaining their third or subsequent housing loans, the LTV limit is decreased to 40% or 20% if the loan tenure exceeds 30 years or the loan period extends beyond the borrower's retirement age of 65. The LTV limit for non-individual purchasers is decreased to 20%.

These measures are intended to have the effect of cooling sentiment and removing inflated demand in Singapore's private residential property market. In the event that current measures are insufficient to curb speculative activity in Singapore's property market, the Singapore government may consider instituting further measures in response. Both the current measures and any possible further measures are instances of measures which may have an adverse impact on the profitability and financial performance on our Proposed Property Investments.

In addition, property developers and/or building contractors are subject to laws and regulations relating to workplace health and safety, environmental pollution control and other areas that may concern our industry. There is no assurance that such regulatory standards will remain unchanged in the future. Should the relevant authorities implement additional and/or

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more stringent requirements, we may have to incur additional expenses and devote extra time or efforts to comply with such changes. Besides, in the event of any non-compliance with such regulatory standards at our project sites, our project sites may be subject to temporary suspension or further examinations resulting in project delay. Should such situations arise, our business may be adversely affected.

As the supply of land to property developers is also government-regulated, changes in zoning or redevelopment plans or government policies on the timing for land releases, or an increase in the development charges payable for the redevelopment of the land may also have an adverse impact on the business operations of our Proposed Property Investments.

We may be affected by the illiquidity of real estate

Real estate assets, such as units in the property development projects under our Proposed Property Investments, are relatively illiquid in nature. Such illiquidity will affect the ability to realise cash from unsold units at short notice or, in the event of an urgent sale, result in a significant reduction in the selling price of these assets. Under such circumstances, the divestment, realization or return of capital or investment in respect of our Proposed Property Investments may be adversely affected. This would have an adverse effect on our revenue, profitability and financial performance

We depend on our ability to identify profitable property development projects for our Proposed Property Investments

Our ability to successfully diversify into the Proposed Property Investment Business is dependent on our ability to identify profitable property development projects for our Proposed Property Investments and following such identification, for us to make an investment in such projects. In Singapore, the property development industry is competitive and established property developers would have greater resources (financial or otherwise) and access to opportunities for property development projects, and they usually do so on their own without the need to enter into joint ventures or collaborations. Hence, for our Proposed Property Investments, we may have to look for joint ventures or collaborations with mid-tier or less established property developers, which may increase the uncertainties for completion of the projects.

There is also no assurance that a project, which may be assessed by us to be profitable at the initial phases, will not turn out to be a loss-making asset or investment due to changes in circumstances not within our control. Should we fail to identify profitable property development projects for our Proposed Property Investments, our profitability and financial performance will be adversely affected.

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We face risks associated with the construction and completion of our Proposed Property Investments

As we intend to focus mainly on new property development projects for our Proposed Property Investments, the construction and completion of such projects will depend on, *inter alia*, the qualifications, standard, competence and financial conditions and standing of the various contractors and sub- contractors appointed to provide various construction services. There may be disruption and delays in the completion of the projects if such contractors or sub-contractors carry out works which are unsatisfactory and are unable to rectify any unsatisfactory works and suitable alternative solutions are not found in a timely manner. There may also be project delays and costs overruns if the projects cannot be completed within the set budget and time schedule. Further, any delay in project completion may also expose the Group to claims for liquidated damages from the purchasers of the property development projects. Although the Group may be reimbursed by its contractors responsible for the delay or compensated from insurance under certain circumstances, there is no assurance that such reimbursement or compensation will cover the entire losses incurred. The occurrence of these events will affect adversely the profitability of the projects, and the divestment, realization or return of capital or investment in respect of our Proposed Property Investments may be adversely affected. As a result, our profitability and financial performance may be adversely affected.

We face risks and uncertainties before realising any benefits, if at all, from the Proposed Property Investments

The project launch dates and completion dates of property development projects under our Proposed Property Investments are generally made on a “best estimate” basis, and any disruptions or delays in the design and construction, and unforeseen delays in the completion, launch and sale of these projects will have an adverse effect on the projects.

The time required to complete a property development project depends on various factors, including the size of the project, prevailing market conditions and availability of resources. Delays may arise due to various factors, including adverse weather conditions, natural calamities, power failure, machinery and equipment breakdown, shortage of construction materials, shortage of labour, accidents, cessation of business of contractors, disputes with contractors and unexpected delay in obtaining required approvals. Such delays may result in cost overruns and increased financing costs and accordingly affect profitability. Further, any delay in project completion may also lead to claims for liquidated damages from the purchasers of units in property development projects. Although there may be reimbursement from contractors responsible for the delay or compensation via insurance under certain circumstances, there is no assurance that such reimbursement or compensation would cover losses and liabilities entirely and in such event, the profitability of the projects will accordingly be adversely affected.

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Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through pre-sales or sale of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for more than a year.

Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn have a direct impact on the profitability of the project.

Factors that may affect the profitability of a project include high financing costs, the failure to complete construction according to original specifications, schedule, costs or budget, poor sales and claims from purchasers.

Due to the large capital requirements for property development business, a substantial portion of the property development projects under our Proposed Property Investments may be financed by debt. Financing costs may be adversely affected by changes in interest borrowing costs, especially for facilities with floating rather than fixed interest rates.

The construction costs of the projects fluctuates with the prices of various construction materials, such as metal, stone, cement, sand, pipes, electric cables, sanitary fittings, window and door fittings, light fittings and other materials, the costs of leasing construction equipment, including excavators, cranes and lifting hoists, and wage costs.

The sales and value of a development project may be adversely affected by a number of factors, including but not limited to the international, regional and local economic climate, local real estate conditions, perceptions of property purchasers in terms of the convenience and attractiveness of the projects, competition from other available properties and changes in market rates for comparable sales.

Claims from purchasers of units in the development projects under our Proposed Property Investments may arise for reasons such as delay in completion, alleged defects or variation from contract specifications. While contractors may be required to provide reimbursement under certain circumstances in the event of delay or building defects, however, there is no assurance that the amount reimbursed by contractors would be sufficient to cover the amount of liquidated damages paid or to be paid to purchasers.

If any of the property development risks described above materialises, our returns on investments may be lower than originally expected and our business, financial condition and results of operations may be adversely affected. Under such circumstances, the divestment, realisation or return of capital or investment in respect of our Proposed Property Investments may be adversely affected. This would have an adverse effect on our revenue, profitability and financial performance.

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Our Proposed Property Investments may be subject to risks associated with debt financing

Due to the large capital requirements for property development business, a substantial portion of the property development projects under our Proposed Property Investments may be financed by debt, especially for acquisition of land sites and construction of properties, through bank loans and credit facilities, and we may be required to guarantee or provide financial accommodation for our *pro rata* share of such borrowings or liabilities. In the event of any increase in such borrowings or liabilities, for instance due to construction costs overruns, or in the event of any cash flow or working capital shortfalls which may be experienced during the course of the project, we may have to bear a greater share of such borrowings or liabilities than originally anticipated.

We may encounter problems with our joint ventures that may adversely affect our Proposed Property Investments

As we intend to enter into joint ventures or collaborations with different partners or parties in each of the Prescribed Territories for our Proposed Property Investments, if there are disputes or disagreements between us and such joint venture partners or partners regarding the business and operations of the joint ventures, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests. In addition, such joint venture partners or parties may (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfill their obligations; (iv) have financial difficulties; or (v) have disputes with us as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the performance of our Proposed Property Investments, which may in turn materially and adversely affect our financial condition and financial performance.

The value of our Proposed Property Investments may be subject to fluctuations

The valuations of the underlying land sites or properties of the property development projects under our Proposed Property Investments are conducted by professional independent valuers under certain assumptions and prevailing market conditions. These valuations are subject to changes in market condition from time to time and thus may not accurately reflect the actual values of such properties upon realisation or disposal or at any particular time. Should the values of the properties and land sites be lower for any reasons upon realisation or disposal or otherwise, this will adversely affect the profitability of the projects and we may need to record impairment losses or make provisions for our Proposed Property Investments in our financial statements, which may in turn materially and adversely affect our financial condition and financial performance.

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Risk Factors Relating to the PRC

There is a lack of readily available, reliable and updated information on property market conditions in the PRC generally

Although we intend to explore opportunities for Proposed Property Investments in the PRC, we do not have a substantial presence or base in such jurisdiction, in particular in the municipal cities and provinces where property developments for the potential Proposed Property Investments may be located. Currently, reliable and up-to-date information is generally not readily available in the PRC and in the relevant municipal cities and provinces on the amount and nature of property development and investment activities, the demand for such development, the supply of new properties being developed or the availability of land and buildings suitable for development and investment. Consequently, our investment and business decisions may not always be based on accurate, complete and timely information. Inaccurate information may adversely affect our decisions on the Proposed Property Investments, which could materially and adversely affect our business and financial conditions.

Changes in the social, political and economic conditions in the PRC could affect our Proposed Property Investments in the PRC

Any significant slowdown in the PRC economy or decline in demand for properties from customers in the PRC will have an adverse effect on our Proposed Property Investments in the PRC and may have an adverse effect on our financial condition and financial performance. Furthermore, any unfavourable changes in the social and political conditions of the PRC may also adversely affect our Proposed Property Investments in the PRC.

Since the adoption of the “open door policy” in 1978 and the “socialist market economy” in 1993, the PRC government has been undergoing reforms in its economic and political systems, which are expected to continue. The PRC government has exercised and continues to exercise significant influence over the PRC economy in general, which, among others, affects the property sector in the PRC. Any changes in the social, political and economic policies of the PRC government may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations, taxation and land ownership and development restrictions, which may in turn adversely affect our Proposed Property Investments in the PRC and may have an adverse effect on our financial condition and financial performance.

From time to time, the PRC government adjusts its monetary and economic policies to prevent and curtail the overheating of the national and provincial economies, which may affect the property markets in the PRC. Any action by the PRC government concerning the economy or the property sector in particular could have a material adverse effect on our Proposed Property Investments in the PRC and may have an adverse effect on our financial condition and financial performance.

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Interpretation of PRC laws and regulations involves uncertainty, further changes in tax laws, regulations, policies, concessions and treatment may materially and adversely affect our financial condition and results of operations

Our Proposed Property Investments in the PRC are subject to the laws and regulations promulgated by the PRC government. The PRC legal system is a codified legal system made up of the PRC constitution, written laws, regulations, circulars, directives and other government orders. The PRC government is still in the process of developing its legal system so as to meet the needs of investors and to encourage foreign investment. Generally, the PRC economy is developing at a faster pace than its legal system. Therefore, some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain events or circumstances, and if so, the manner of such application.

In particular, unlike common law jurisdictions like Singapore, decided cases do not form part of the legal structure of the PRC and thus have no binding effect. The administration of the PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction.

Furthermore, in line with its transformation from a centrally planned economy to a free market oriented economy, the PRC government is still in the process of developing a comprehensive set of laws and regulations. As the legal system in the PRC is still evolving, laws and regulations or the interpretation of the same may be subject to change.

Our Proposed Property Investments are subject to foreign exchange control in the PRC

Our Proposed Property Investments in the PRC are subject to the relevant PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of RMB into foreign currencies. Currently, foreign invested enterprises (“FIEs”) are required to apply to SAFE for “Foreign Exchange Registration Certificates for FIEs”. With such registration certifications, FIEs are allowed to open foreign currency accounts including the “basic account” and “capital account”. Currently, conversion within the scope of the “basic account”, for purposes such as the remittance of foreign currencies for payment of dividends, can be effected without the approval of SAFE. However, the conversion of currency in the “capital account”, for capital items such as direct investments, loans and securities, still requires the approval of SAFE.

5. SPECIAL GENERAL MEETING

The SGM, notice of which is set out on page SGM-1 of this Circular, will be held at 4 Robinson Road #04-01, The House of Eden, Singapore 048543 on 16 July 2013 at 2:00 p.m. for the purpose of considering, and if thought fit, passing, with or without any modifications, Ordinary Resolutions 1 and 2 as set out in the Notice of SGM in this Circular.

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6. ACTION TO BE TAKEN BY SHAREHOLDERS

Singapore

If a Shareholder is unable to attend the SGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Shareholder Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 2:00 p.m. on 14 July 2013, not less than forty-eight (48) hours before the time fixed for the SGM. The completion and return of the Shareholder Proxy Form by a Shareholder will not prevent him from attending and voting at the SGM in person if he so wishes, and in such event the Shareholder Proxy Form submitted bearing his name shall be deemed to be revoked. **Please note that this paragraph is only applicable to Shareholders who do not hold Shares through an account with CDP (i.e. who hold Shares in scrip).**

Under the Bermuda Companies Act, only a person who agrees to become a shareholder of a Bermuda Company and whose name is entered in the register of members of such a Bermuda company is considered a member with rights to attend and vote at general meetings of such company.

Accordingly, under Bermuda laws, a Depositor holding Shares through the CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the SGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Bye-laws and the Bermuda Companies Act.

Pursuant to Bye-law 77 of the Bye-laws, unless the CDP specifies otherwise in a written notice to the Company, the CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of the CDP as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the CDP to the Company as the CDP's proxies to vote on behalf of the CDP at a general meeting of the Company. Notwithstanding any other provisions in the Bye-laws, the appointment of proxies by virtue of Bye-law 77 shall not require an instrument of proxy or the lodgment of any instrument of proxy.

Accordingly, Depositors (other than Depositors which are corporations) whose names are listed in the Depository Register as at forty-eight (48) hours before the time of the SGM may attend and vote as CDP's proxies at the SGM without having to complete or return any form of proxy. A Depositor which is a corporation and who wishes to attend and vote at the SGM must complete and return the attached Depositor Proxy Form, for the nomination of person(s) to attend and vote at the SGM on its behalf as CDP's proxy, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 2:00 p.m. on 14 July 2013, not less than forty-eight (48) hours before the time fixed for the SGM.

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If an individual Depositor is unable to attend the SGM personally and wishes to appoint nominee(s) to attend the meeting and vote on his behalf, he must complete, sign and return the attached Depositor Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 2:00 p.m. on 14 July 2013, not less than forty-eight (48) hours before the time fixed for the SGM.

The completion and return of the Depositor Proxy Form by a Depositor (who is an individual) will not prevent him from attending and voting in person at the SGM as a proxy of CDP if he subsequently wishes to do so, and in which event the Depositor Proxy Form submitted bearing his name shall be deemed to be revoked.

Hong Kong

Shareholders (whether or not able to attend the SGM) are requested to complete and return the enclosed Hong Kong proxy form ("**HK Proxy Form**") in accordance with the instructions printed thereon and deposit with the Hong Kong Share Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for the holding of the SGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) should they elect to do so. **Please note that this paragraph is only applicable to Shareholders whose Shares are registered in the branch Register of Shareholders in Hong Kong.**

Voting by Poll

Pursuant to the amended Rule 13.39(4) of the HK Listing Rules which took effect on 1 January 2012, any vote of Shareholders at the SGM must be taken by a poll. Accordingly, the Company will procure that the chairman of the SGM shall demand voting on the resolutions set out in the notice of the SGM be taken by way of poll.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

(a) Interests and short positions of the Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in shares, underlying shares and debentures of the Company, a related corporation of the Company (within the meaning of Part I of the SFA) or its associated corporations

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(within the meaning of Part XV of the SFO), as recorded in the register to be kept under Section 352 of the SFO, or as otherwise notified to the Company, the SGX-ST and the SEHK pursuant to the Model Code are as follows:-

Directors

	As at the Latest Practicable Date			
	Direct	Deemed	Total	
	Interest	Interest	Interest	
	<i>No. of</i>	<i>No. of</i>	<i>No. of</i>	<i>%</i>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	
Hsu Chih-Chien ^(Note 1)	–	142,081,611/ 148,818,611	142,081,611/ 148,818,611	13.419%/ 14.060%
Wu Chao-Huan ^(Note 2)	–	142,081,611/ 148,818,611	142,081,611/ 148,818,611	13.419%/ 14.060%
Sun Hsien-Long	6,334,936	–	6,334,936	0.598%
Chu Wen Yuan	40,000	–	40,000	0.004%

Notes:

- (1) These Shares are registered in the name of Sea-Sea Marine Company Limited (“**Sea-Sea Marine**”), the entire issued capital of which is owned by Besco Holdings Limited (“**Besco**”), which in turn is wholly-owned by HSBC International Trustee Limited (“**HSBC Trustee**”) in its capacity as trustee of a discretionary trust with Hsu Chih-Chien as settlor. Hsu Chih-Chien is deemed to be interested in the Shares held by Sea-Sea Marine. Sea-Sea Marine is deemed to be interested in the 6,737,000 Shares held by Pilot Assets Group Limited only under the SFA.
- (2) These Shares are registered in the name of China Lion International Limited (“**China Lion**”), the entire issued share capital of which is owned by Wu Chao-Huan as to 60% and by Wang Ho as to 40%. Wu Chao-Huan is deemed to be interested in the Shares held by China Lion. China Lion is deemed to be interested in the 6,737,000 Shares held by Pilot Assets Group Limited only under the SFA.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company, a related corporation of the Company (within the meaning of Part I of the SFA) or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company, the SGX-ST and the SEHK pursuant to Subdivision 1 of Part VII of the SFA and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under Section 352 of the SFO.

(b) Interests and short positions of the substantial shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company, the

LETTER FROM THE BOARD

SGX-ST and SEHK under the provisions of Subdivision 2 of Part VII of the SFA and Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Substantial Shareholders

Name	Capacity	Number of Issued shares	Approximate percentage of issued shares (%)
Sea-Sea Marine	Beneficial owner	142,081,611/ 148,818,611 <i>(Note 1)</i>	13.419%/14.06%
Besco <i>(Note 2)</i>	Interest in controlled corporation	142,081,611/ 148,818,611 <i>(Note 1)</i>	13.419%/14.06%
HSBC Trustee <i>(Note 2)</i>	Trustee	142,081,611/ 148,818,611 <i>(Note 1)</i>	13.419%/14.06%
Hsu Chih-Chien <i>(Note 2)</i>	Founder of a discretionary trust	142,081,611/ 148,818,611 <i>(Note 1)</i>	13.419%/14.06%
HSBC Holdings plc <i>(Note 3)</i>	Interest in controlled corporation	148,818,611	14.06%
Yeh Wan-Yao <i>(Note 4)</i>	Interest of spouse	142,081,611	13.419%
China Lion	Beneficial owner	142,081,611/ 148,818,611 <i>(Note 1)</i>	13.419%/14.06%
Wu Chao-Huan <i>(Note 5)</i>	Interest in controlled corporation	142,081,611/ 148,818,611 <i>(Note 1)</i>	13.419%/14.06%
Wang Ho <i>(Note 5)</i>	Interest of spouse	142,081,611 <i>(Note 2)</i>	13.419%
China Harvest Enterprise Limited ("China Harvest")	Beneficial owner	142,081,611/ 148,818,611 <i>(Note 1)</i>	13.419%/14.06%
Chen Shin-Yung <i>(Note 6)</i>	Interest in controlled corporation	142,081,611/ 148,818,611 <i>(Note 1)</i>	13.419%/14.06%
Pronto Star Limited ("Pronto")	Beneficial owner	135,420,611 142,157,611 <i>(Note 1)</i>	12.790%/13.43%
Chiu Chi-Shun <i>(Note 7)</i>	Interest in controlled corporation	135,420,611 142,157,611 <i>(Note 1)</i>	12.790%/13.43%
Kuo Mei-Yuan <i>(Note 8)</i>	Interest of spouse	135,420,611	12.790%
Unit Century Enterprises Limited ("Unit Century")	Beneficial owner	94,676,874	8.942%
Wu Chao-Ping <i>(Note 9)</i>	Interest in controlled corporation	94,676,874	8.942%
Hsuen A-Chou <i>(Note 10)</i>	Interest of spouse	94,676,874	8.942%

LETTER FROM THE BOARD

Notes:

1. Sea-Sea Marine, China Lion, China Harvest and Pronto are deemed to be interested in the 6,737,000 Shares held by Pilot Assets Group Limited only under the SFA.
2. Sea-Sea Marine is wholly-owned by Besco which in turn is wholly-owned by HSBC Trustee in its capacity as trustee of The Lowndes Foundation with Mr. Hsu Chih-Chien as settlor of the trust. Besco, HSBC Trustee in its capacity as trustee of a discretionary trust with Mr. Hsu Chih-Chien as settlor and Mr. Hsu Chih-Chien are all deemed in the interested in the Shares held by Sea-Sea Marine under the SFO and the SFA.
3. HSBC Holdings plc's deemed interest arises by reason of Sea-Sea Marine Company Limited holding 142,081,611 Shares, Sea-Sea Marine Company Limited's deemed interest in the 6,737,000 shares owned by Pilot Assets Group Limited. As at the date hereof, Sea-Sea Marine Company Limited is owned by Besco, which in turn is wholly owned by HSBC Trustee as trustee of a discretionary trust. HSBC Holdings plc is deemed to have an interest in the Shares of the Company which are held by HSBC Trustee through Besco. HSBC Trustee is a wholly-owned subsidiary of HSBC Private Banking Holdings (Suisse) SA ("HPBH"), which is a wholly-owned subsidiary of HSBC Finance (Netherlands), which is a wholly-owned subsidiary of HSBC Holdings plc. Accordingly, HPBH and HSBC Finance (Netherlands) are also considered substantial shareholders under the SFA.
4. Ms. Yeh Wen-Yao is the spouse of Mr. Hsu Chih-Chien and is deemed to be interested in the Shares held by Sea-Sea Marine under the SFO.
5. These Shares are registered in the name of China Lion, the entire issued share capital of which is owned by Mr. Wu Chao-Huan as to 60% and by Ms. Wang Ho as to 40%. Ms. Wang Ho is the spouse of Mr. Wu Chao-Huan. Mr. Wu Chao-Huan and Ms. Wang Ho are deemed to be interested in the Shares held by China Lion under the SFO and the SFA.
6. China Harvest is wholly-owned by Mr. Chen Shin-Yung. Mr. Chen Shin-Yung is deemed to be interested in the Shares held by China Harvest under the under the SFO and the SFA.
7. Pronto is wholly-owned by Mr. Chiu Chi-Shun. Mr. Chiu Chi-Shun is deemed to be interested in the Shares held by Pronto under the SFO and the SFA.
8. Ms. Kuo Mei-Yuan is the spouse of Mr. Chiu Chi-Shun. Ms. Kuo Mei-Yuan is deemed to be interested in the Shares held by Pronto under the SFO.
9. Unit Century is owned as to 52% by Mr. Wu-Chao Ping. Mr. Wu Chao-Ping is deemed to be interested in the Shares held by Unit Century under the SFO and the SFA.
10. Ms. Hsuen A-Chou is the spouse of Mr. Wu Chao-Ping. Ms. Hsuen A-Chou is deemed to be interested in the Shares held by Unit Century under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company, the SGX-ST and SEHK under the provisions of Subdivision 2 of Part VII of the SFA and Divisions 2 and 3 of Part XV of SFO, or was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

LETTER FROM THE BOARD

8. DIRECTORS' RECOMMENDATIONS

In summary, the Board has considered the following factors in respect of the Proposed Investment:–

- (1) CM Overseas, as one of the minority shareholders of the JV Company, shall be accorded with basic minority protection rights.
- (2) The Santarli Group primarily engages in the provision of construction services and has vast expertise and experience in the area of property development. The Board (save as Mr. Sin Boon Ann) believed that the Santarli Group has the requisite experience, expertise and resources to manage the Pheng Geck Project successfully.
- (3) The Group has provided vessel chartering services to the Santarli Group since 2007 in respect of transport of sea sand and through this working relationship the Group is confident in Santarli Group's ability and integrity.
- (4) To the best of the Directors' information, knowledge and belief (having made reasonable enquiries), the JV Shareholders (other than Hsiangkang Enterprise) and their ultimate beneficial owners are independent third parties and are not connected persons (as defined under the HK Listing Rules) of the Company.
- (5) The Group principally engages in vessel chartering services. However, the dry bulk market, in which the Group is engaged, is under intense pressure on the retreating weight of the PRC as the driver of the market is extensively felt. The Proposed Investment is for meeting the Group's needs to adopt a diversification approach in its long-term growth strategy, to diversify its income base, to reduce its dependence on freight income, with a view to sustaining and enhancing Shareholders' value and returns.
- (6) While the Proposed Investment constitutes a diversification of the Group's principal activities, it does not present a material change in the sphere of activity or risk profile of the Group, nor does it impose an immediate adverse effect on the financial position of the Group.

The Directors (save for Mr. Sin Boon Ann who has abstained from voting at the Board level on the Proposed Acquisition and the Proposed Investment for the reasons as explained below) are of the opinion that the Proposed Investment is on normal commercial terms, fair and reasonable, and is in the best interest of the Company and the Shareholders as a whole. Accordingly, they (save for Mr. Sin Boon Ann who has abstained from voting at the Board level on the Proposed Acquisition and the Proposed Investment for the reasons as explained below) recommend the Independent Shareholders to VOTE IN FAVOUR of Ordinary Resolution 1, as set out in the Notice of SGM in this Circular.

The Directors are of the opinion that the proposed diversification into the Proposed Property Investment Business is in the best interests of the Company. Accordingly, they recommend that the Shareholders VOTE IN FAVOUR of Ordinary Resolution 2, as set out in the Notice of SGM in this Circular.

LETTER FROM THE BOARD

Mr. Sin Boon Ann, an independent non-executive Director, has declared his interest in respect of the Proposed Acquisition and Proposed Investment in that he is also an independent non-executive director of Transview. He has abstained from voting and making any recommendation to the Shareholders in relation to the Proposed Acquisition and Proposed Investment.

9. DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with paragraph 2, Part B of Appendix 1 to the HK Listing Rules

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HK Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

In compliance with the SGX-ST Listing Manual

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Investment, the Proposed Property Investment Business, the Group and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's office at Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong, during normal business hours from the date of this Circular to the date of the SGM:

- (a) The memorandum of association and Bye-laws of the Company;
- (b) The audited consolidated financial statements of the Group for the two financial years ended 31 December 2012 and 31 December 2011;
- (c) the MOU;
- (d) the Share Purchase Agreement;
- (e) the form of the Amended and Restated Joint Venture Agreement;
- (f) the Guarantee given by SHPL in favour of CM Overseas;

LETTER FROM THE BOARD

- (g) the valuation report prepared by Jones Lang LaSalle;
- (h) the material contracts referred to in the paragraph headed “Material Contracts” in Appendix VI;
- (i) the letter of advice from Altus to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 49 to 61 of this Circular;
- (j) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 47 in this Circular;
- (k) the written consent from Altus as referred to in the paragraph headed “Experts” in Appendix VI;
- (l) the written consent from Jones Lang LaSalle as referred to in the paragraph headed “Experts” in Appendix VI;
- (m) the written consent from Deloitte & Touche LLP as referred to in the paragraph headed “Experts” in Appendix VI; and
- (n) the written comment from Deloitte Touche Tohmatsu as referred to in the paragraph headed “Experts” in Appendix VI.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
COURAGE MARINE GROUP LIMITED
勇利航業集團有限公司
Hsu Chih-Chien
Chairman and Non-Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



COURAGE MARINE GROUP LIMITED

勇利航業集團有限公司

(Incorporated in Bermuda)

(Company Registration No. 36692)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: E91.SI)

Singapore and Hong Kong, 25 June 2013

To the Independent Shareholders,

Dear Sir/Madam,

**MAJOR TRANSACTION UNDER THE SGX-ST LISTING MANUAL AND A MAJOR AND
CONNECTED TRANSACTION UNDER THE HK LISTING RULES
RELATING TO THE PROPOSED INVESTMENT IN 10% EQUITY INTEREST OF
SANTARLI REALITY PTE. LTD.
BY COURAGE MARINE OVERSEAS LTD**

We refer to the circular dated 25 June 2013 of the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms and conditions of the connected transaction element within the Proposed Investment are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We have also been appointed to recommend how the Independent Shareholders should vote at the SGM. Altus has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 47 to 48 of the Circular which contains, among other things, information about the Proposed Investment and the “Letter from Altus” set out in pages 49 to 61 of the Circular which contains its advice in respect of the connected transaction element within the Proposed Investment.

Having taken into account of the advice of Altus in respect of the connected transaction element within the Proposed Investment, we consider that the connected transaction element within the Proposed Investment is upon normal commercial terms following arm’s length negotiations between the parties thereto, and that the terms of the connected transaction element within the Proposed Investment are fair and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Proposed Investment.

Your faithfully,
For and on behalf of
Independent Board Committee

Lui Chun Kin, Gary
Independent Non-executive Director

Chu Wen Yuan
Independent Non-executive Director

LETTER FROM ALTUS

The following is the text of the letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the connected transaction element within the Proposed Investment being the entering into of the Amended and Restated JVA, which has been prepared for the purpose of inclusion in this circular.

ALTUS CAPITAL LIMITED

21 Wing Wo Street
Central, Hong Kong

25 June 2013

Independent Board Committee and the Independent Shareholders
Courage Marine Group Limited
Suite 1801, West Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION UNDER THE HK LISTING RULES RELATING TO THE PROPOSED INVESTMENT IN A 10% EQUITY INTEREST OF SANTARLI REALTY PTE. LTD. BY COURAGE MARINE OVERSEAS LIMITED

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the connected transaction element within the Proposed Investment. Upon Completion, the Amended and Restated JVA will be entered into among the then JV Shareholders, one of which is an associate to a connected person of the Company. Accordingly, entering into of the Amended and Restated JVA is the connected transaction element within the Proposed Investment. Relevant details of the Proposed Investment and material terms of the Amended and Restated JVA are respectively set out in the “Letter from the Board” (the “**Board Letter**”) contained in the circular dated 25 June 2013 issued by the Company (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 12 July 2012, CM Overseas, a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (“**MOU**”), pursuant to which CM Overseas agreed to invest in a 10% equity interest in the JV Company including entering into shareholders’ agreement (“**Proposed Investment**”). Due to reasons set out in paragraph 2.1 of the Board Letter, CM Overseas did not invest as originally contemplated under the MOU. In order to facilitate the Proposed Investment, on 14 September 2012 CM Overseas had entered into a share purchase agreement with Santarli Corporation, to purchase from Santarli

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Corporation (i) 100,000 ordinary shares in the capital of the JV Company, comprising 10% of the issued share capital of the JV Company, and (ii) the corresponding portion of shareholder's loan (the "**Proposed Acquisition**").

As one of the relevant percentage ratios (as defined under the HK Listing Rules) in respect of the total commitment of CM Overseas in respect of its investment in the JV Company has exceeded 25% but is below 100%, the Proposed Investment constitutes a major transaction under Chapter 14 of the HK Listing Rules and will be subject to disclosure, announcement and Shareholders' approval at the SGM.

Upon Completion, CM Overseas will enter into the Amended and Restated JVA with the then shareholders of the JV Company, including Hsiangkang Enterprise, to regulate their relationship *inter se* in the JV Company. Hsiangkang Enterprise is controlled by Mr. Chen Shin-Yung ("**Mr. Chen**"). Mr. Chen is a substantial shareholder of the Company through his shareholding in China Harvest Enterprise Limited, which holds 142,081,611 Shares representing approximately 13.419% of the total issued share capital of the Company as at the Latest Practicable Date. Mr. Chen is therefore a connected person of the Company under Rule 14A.11 (2) of the HK Listing Rules. Thus, Hsiangkang Enterprise is an associate of a connected person of the Company.

As a result, the entering into of the Amended and Restated JVA by the then JV Shareholders, which is part of the Proposed Investment, will constitute a connected transaction for the Company under Chapter 14A of the HK Listing Rules. The Proposed Investment embedding the connected transaction element, being the entering into of the Amended and Restated JVA, will be subject to disclosure, announcement and Independent Shareholders' approval at the SGM under Chapter 14A of the HK Listing Rules. Given that an associate of Mr. Chen (the connected person) is a party to the Amended and Restated JVA, we understand that Mr. Chen and his associates will abstain from voting at the SGM to be convened to consider, and if thought fit, to approve the Proposed Acquisition, and the Proposed Investment including the entering into of the Amended and Restated JVA.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising two independent non-executive Directors, namely, Mr. Lui Chun Kin, Gary and Mr. Chu Wen Yuan, has been formed to advise the Independent Shareholders on the connected transaction element of the Proposed Investment, being the entering into of the Amended and Restated JVA.

Mr Sin Boon Ann, an independent non-executive Director, has declared his interest in respect of the Proposed Acquisition and the Proposed Investment in that he is also an independent non-executive director of Transview Holdings, which is currently a JV Shareholder holding 10% equity interest in the JV Company. The Proposed Investment, if materialised, will increase the number of JV Shareholders into five (being Santarli Corporation, Excel Precast, Hsiangkang Enterprise, Transview Holdings and CM Overseas, holding 60%, 10%, 10%, 10% and 10% respectively). Accordingly, he is not a member of the Independent Board Committee.

We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the connected transaction element within the Proposed Investment, being the entering into of the Amended and Restated JVA, and to give our opinion

LETTER FROM ALTUS

relating to the connected transaction element within the Proposed Investment as to whether it is on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole, for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders on how to vote at the SGM.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the on the connected transaction element within the Proposed Investment in a 10% equity interest in the JV Company, being the entering into of the Amended and Restated JVA, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the entering into of the Amended and Restated JVA

1.1 Information of the Group

The Group's principal activities are the provision of marine transportation services, property holding, investment holding and provision of administration services. Set out below is a summary of financial information of the Group as extracted from the Group's prospectus dated 21 June 2011 and annual report for the year ended 31 December 2011 and 2012 ("**Prospectus**", "**2011 Annual Report**" and "**2012 Annual Report**" respectively).

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	For the year ended 31 December		
	2012	2011	2010
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Audited)	(Audited & restated)	(Audited)
Revenue	18,758	21,691	46,521
Cost of sales	(18,499)	(32,593)	(35,192)
Gross profit/(loss)	259	(10,902)	11,329
Gross profit/(loss) margin	1.4%	-50.3%	24.4%
(Loss)/Profit before taxation	(10,671)	(29,488)	9,095
(Loss)/Profit for the period	(10,677)	(29,514)	9,024
	As at 31 December		
	2012	2011	2010
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Audited)	(Audited & restated)	(Audited)
Net asset value	67,673	78,035	114,417
Cash and cash equivalents	21,872	16,671	29,929

The Group's revenue for the year ended 31 December 2011 amounted to approximately US\$21.7 million, representing a drop of approximately 53.4% as compared to the previous year. As mentioned in the 2011 Annual Report, the decrease in revenue was mainly attributable to the oversupply of vessels and weak demand due to uncertain global conditions. The Group recorded a net loss of approximately US\$29.5 million for the years ended 31 December 2011, primarily as a result of the aforesaid poor market conditions, impairment losses and loss on disposal of vessels, and listing expenses.

The Group's revenue for the year ended 31 December 2012 amounted to approximately US\$18.8 million, representing a drop of approximately 13.4% as compared to the previous year. As mentioned in the 2012 Annual Report, the decrease in revenue was largely the result of continued weakness in global shipping market due to oversupply of shipping and weak demand. The Group recorded a net loss of approximately US\$10.7 million for the year ended 31 December 2012, primarily due to a lower fixed cost for insurance, crew fees and depreciation following to the disposal of aged vessels.

In summary, the Group recorded loss for two consecutive years and the operation environment of dry bulk market, in which the Group is engaged, has been under pressure. As described in the 2012 Annual Report, the Group expects the financial performance for 2013 remain muted, with the

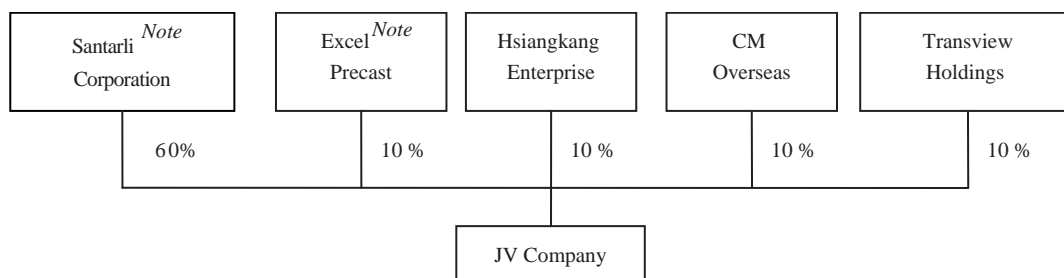
LETTER FROM ALTUS

oversupply of vessels expected to continue and demand for commodities remaining sluggish. Despite the aforesaid business environment, the Group will continue to look at the possibility of diversifying its investment, if opportunities arise.

1.2 Information of the JV Company

The JV Company is a private limited company incorporated in Singapore being held as to 70% by Santarli Corporation, and as to 10% by each of Excel Precast, Hsiangkang Enterprise and Transview Holdings as at the Latest Practicable Date. It is a special purpose vehicle incorporated for the purpose of the Pheng Geck Project relating to the acquisition and development of the Land. Details of the Pheng Geck Project are set out in the Board Letter.

In order to implement the Proposed Investment, CM Overseas has entered into Share Purchase Agreement with Santarli Corporation. The shareholding structure of the JV Company immediately upon Completion will be follows:



Note: Excel Precast is owned as to 69.5% owned by Santarli Construction, a subsidiary of SHPL, the shareholders of which (including their proportion of shareholding) are identical to that of Santarli Corporation.

Further information on the JV Shareholders are set out in paragraph 2.4.2 of the Board Letter.

Subsequent to the Completion, CM Overseas shall become one of the JV Shareholders. The subsequent participation of CM Overseas as one of the JV Shareholders necessitates the entering into of the Amended and Restated JVA for the purpose of regulating the relationship amongst the JV Shareholders *inter se*. In this respect, we concur with the Directors that it is necessary to have an agreement in place to regulate and manage the Group's investment in the JV Company.

1.3 Proposed Investment and the Pheng Geck Project

1.3.1 Overall property market of Singapore

According to the statistics published by the Urban Redevelopment Authority of Singapore ("URA"), the price indices of non-landed properties of the Rest of Central Region (where the Land is situated) has in general been on an upward trend throughout the period from 2009 to first quarter of 2013 except for a slight decrease in first quarter of 2012 as compared to the fourth quarter of 2011 (<http://www.ura.gov.sg/pr/text/2013/pr13-24>). It is noted from the website of URA that there is a master plan ("Master Plan"), i.e. the statutory land use plan

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which guides Singapore's development in the medium term over the next 10 to 15 years, that is being reviewed every five years (http://www.ura.gov.sg/land_use_planning). URA is the government agency which regulates development of properties according to the Master Plan land use zoning, gross plot ratio, building height controls, and other development control guidelines. Accordingly, the supply of residential units around the Land is being controlled and known to the public. The Directors are of the view that the property market in Singapore is in general stable and warrant an investment by the Company in this market.

1.3.2 Location of the Land

Pheng Geck Project is related to the development of the Land at Pheng Geck Avenue located in the "Rest of Central Region" of Singapore and near the Potong Pasir Mass Rapid Transit station. It is connected to major roads and expressways such as Upper Serangoon Road, Pan Island Expressway, Central Expressway and Kallang Paya Lebar expressway. We note that the Land is located at the vicinity of other residential developments as well as various schools and college. The Directors consider the Land located in area with reasonable demand of residence.

1.3.3 Value of the Land

According to the valuation report as set out in the Appendix V to the Circular, the market value of the Land amounted to S\$131.5 million, and has a gross development value of S\$250 million (assuming it is satisfactorily completed on the date of valuation).

1.3.4 Alternative use of funds

Cash and cash equivalent and current liabilities as at 31 December 2012 amounted to approximately US\$21.9 million and US\$6.9 million respectively. We understand from the Directors that the Group does not have any imminent plan to deploy the Consideration and the alternative use of such cash would have been deposited with local bank at annual rate of approximately 1%. The Directors consider the Proposed Investment provides an opportunity for the Group to diversify its business and investment.

1.3.5 Strategic partners

According to paragraph 3.3 of the Board Letter, it is the Company's intention to limit its participation in each Proposed Property Investment to a minority stake and in joint venture with established parties in the industry, so as to be able to leverage on the joint venture partners' track record, expertise and know-how. As disclosed in paragraph 2.6.2 of the Board Letter, as the Proposed Investment is a new area of business which the Company has no prior experience, it would not be in the interest of the Company (i) to acquire a substantial equity in a property venture which necessarily involves more capital commitment and (ii) to manage such a property venture. Also as disclosed in paragraph 2.6.3 of the Board Letter, the Directors consider the Santarli Group possesses requisite experience, expertise and resources to manage the Pheng

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Geck Project, and are confident of the Santarli Group's ability and integrity in view of the business relationship established between the Group and Santarli Group via the Group's vessel chartering services since 2007.

According to its corporate website (<http://www.santarli.com>), Santarli Group is experienced in building and civil engineering as it has been operating in Singapore since 1983 and also taken up role as main contractors since 1990s. Santarli Group has also achieved the highest grading in the Construction Industry Development Board's Registry of Contractors for general building works in Singapore. It has a proven track record as developer of various commercial, industrial and residential projects with clients including government agencies such as Housing & Development Board, Civil Aviation Authority of Singapore, Port of Singapore Authority, Ministry of Education, Ministry of Environment, Defence Science & Technology Agency, and Embassy of Switzerland in Singapore.

Despite the Company currently does not possess relevant management expertise/experience in running a property development project, given the above, and that the Proposed Investment is in line with the Group's stated policy of diversification of investment, we concur with the Directors that the Proposed Investment, and the Proposed Acquisition which is to facilitate the Proposed Investment as described above, are both in line with the Group's strategy and are justifiable and that it is also justifiable to rely on Santarli Group to manage the property development project.

2. Proposed Acquisition

The completion of the Share Purchase Agreement will entail the entering into of the Amended and Restated JVA. As such, for information, we set out below the background leading to the entering into of the Share Purchase Agreement.

CM Overseas did not invest in the JV Company as originally contemplated under the MOU because there was insufficient time to obtain Shareholders' approval for the Proposed Investment prior to the deadline to set up the JV Company to proceed with the development of the Pheng Geck Project. As an alternative measure to facilitate the Proposed Investment, Santarli Corporation has taken up the portion that CM Overseas originally obliged to take up, while CM Overseas has extended CM Overseas Loan to Santarli Corporation in consideration of Santarli Corporation agreeing to the arrangements under the Share Purchase Agreement. As such, the JV Company could be first set up without CM Overseas and proceed with the Pheng Geck Project, while the Company could be allowed sufficient time to arrange for Shareholders' approval in accordance with relevant rules of SEHK and SGX-ST. For details, please refer to paragraphs 2.1 to 2.3 of the Board Letter.

We understand that it has been the Company's intention to participate in the Proposed Investment. The Share Purchase Agreement was entered into between Santarli Corporation as Vendor and CM Overseas as Purchaser at the Consideration for the purpose to effect the Proposed Investment. Since the Consideration and the eventual share of equity interest and commitment in the JV Company are substantially the same as CM Overseas originally contemplated under the MOU, we are of the view that it is justifiable to enter into the Share Purchase Agreement to effect the Proposed Acquisition and facilitate the Proposed Investment.

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3. Principal terms of the Amended and Restated JVA

3.1 *Business of the JV Company*

The business of the JV Company shall be to, *inter alia*,

- i) purchase the Land;
- ii) develop the Pheng Geck Project;
- iii) sell all the units in the Pheng Geck Project and if any such unit cannot be sold, to lease such unit (pending the sale of such unit); and
- iv) do all acts, matters and things which may be incidental to, necessary for and/or ancillary to, or which may be carried out for or in conjunction with such business.

3.2 *Transfer of JV Company Shares*

No JV Shareholders shall transfer all or any part of the JV Company Shares held by it until the rights of pre-emption under the Amended and Restated JVA have been exhausted. Saved as the above, none of the JV Shareholders may assign or transfer all or part of their rights or obligations without prior written consent of other JV Shareholders.

3.3 *Shareholders' meeting*

3.3.1 *Quorum*

Any two JV Shareholders including Santarli Corporation shall form quorum for the general meeting of the JV Company.

3.3.2 *Decision making*

Subject to additional requirements specified by the Act and the Reserved Matters (as set out below) which requires written approval of the JV Shareholders representing at least 75% of the issued capital of the JV Company, questions arising at general meetings shall be decided by a simple majority.

Reserved Matters are:

- (i) Amendment to the Memorandum of Association and/or the Articles of Association of the JV Company
- (ii) Increase to the issued share capital of the JV Company
- (iii) Issue of any new class of shares in the share capital of the JV Company

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- (iv) Change in the nature and/or scope of the business of the JV Company as set out in Clause 4 of the Amended and Restated JV Agreement

3.4 Board of directors/executive committee/observers/bank signatories

3.4.1 Board of directors

The JV Board shall consist of not more than four directors unless the JV Shareholders unanimously agreed otherwise, and the four directors shall be appointed or replaced by Santarli Corporation.

3.4.2 Executive committee

An executive committee (the “**Executive Committee**”) shall be established and unless unanimously agreed by the JV Shareholders in writing, the Executive Committee shall consist of not more than ten members. Save for Santarli Corporation, each JV Shareholder shall be entitled to appoint (and also to remove and replace) one member to the Executive Committee. Santarli Corporation shall be entitled to appoint (and also to remove and replace) such number of members at its discretion.

For every financial year, there shall be not less than six meetings of the Executive Committee which is established to review and provide feedback on the progress of the Pheng Geck Project, and for this purpose it shall have access to documentation as may be approved by the JV Board, such as progress reports, financial updates and written recommendations from the JV Board. Duties and powers of the Executive Committee shall be approved by the JV Board of directors.

3.4.3 Observer

In addition, each of the JV Shareholders may be invited by the JV Board to nominate one person as an observer who shall have right to (1) attend and speak at meeting of the JV Board; and (2) be provided with all documentation provided to members of the Executive Committee; but shall not vote on any resolutions of the Executive Committee.

Under the Share Purchase Agreement, Santarli Corporation shall procure that, pending the Completion, the JV Board shall invite CM Overseas and other JV Shareholders to nominate one person as an observer to the Executive Committee.

3.4.4 Bank signatories

The JV Company shall maintain bank accounts in Singapore for business purpose and Santarli Corporation shall be entitled to nominate all bank signatories.

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3.5 Main contractor and project manager of the Pheng Geck Project

Santarli Construction will be appointed as the main contractor for the construction of the Pheng Geck Project.

Santarli Management will be appointed as the project manager to lead the project team in the development of the Pheng Geck Project. It shall also be appointed to (i) provide sales and marketing services; (ii) provide shared services, including the usage of facilities and utilities and provision of management expertise to the JV Company; and (iii) second such persons to the JV Company to be appointed as company secretary and accountant of the JV Company.

Both Santarli Construction and Santarli Management are subsidiaries of SHPL, the shareholders of which (including their proportion of shareholding) are identical to that of Santarli Corporation.

3.6 Shareholders' loan from JV Shareholders

The JV Shareholders undertake to contribute funds of up to a maximum of S\$54,000,000 in aggregate to the JV Company by way of shareholders' loan in proportion to the JV Shareholders' equity interest in the JV Company (the "**Agreed Proportion**"), to finance the carrying on of the business of the JV Company to the extent that such funding requirements are not financed under External Financing (as defined in paragraph 3.7 below of this letter).

3.7 Third parties financing

The Bank Loan has been obtained by the JV Company. The Bank Loan is secured by a corporate guarantee from SHPL and personal guarantees from SHPL Shareholders. On Completion, CM Overseas, together with the JV Shareholders (except for Santarli Corporation) shall provide an indemnity in favour of SHPL and the SHPL Shareholders on a several liability basis in accordance with the Agreed Proportion.

Additional funding required by the JV Company over and above the Bank Loan shall be financed from external sources by way of loans and credit facilities ("**External Financing**"), subject to that the aggregate of both Bank Loan and funds raised through External Financing shall not exceed 80% of the Total Development Cost.

Such additional funds raised through External Financing shall be on a non-recourse basis. In the event such additional funding is conditional upon the furnishing of Undertakings, each of the JV Shareholders shall provide such Undertakings in accordance with the Agreed Proportion.

3.8 Deadlock

A deadlock event is deemed to have arisen when Santarli Corporation cannot obtain approval from the JV Shareholders for matters which requires 75% shareholders' approval. The JV Company Shares held by JV Shareholders who did not give written approval for the Reserved Matters (as set out in paragraph 3.3.2 above of this letter) may be purchased by other JV Shareholders at fair value in

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accordance with the procedures stipulated in the Amended and Restated JVA. Detailed procedures including services of notices, mechanism for ascertaining fair value of the relevant JV Company Shares and relevant adjustment have been set out.

We have reviewed the Amended and Restated JVA, and consider the terms stated therein are normal commercial terms negotiated among the parties to such type of agreement. In addition, taking into account the following:

1. aggregate amount of loan to be provided by the JV Shareholders is capped to an agreed amount, and future commitment to third party financing to be provided to the JV Company is to be borne by all JV Shareholders in accordance with the Agreed Proportion;
2. the terms of the Amended and Restated JVA are equitable among all the JV Shareholders which hold 10% equity interest in the JV Company, and are no less favourable to the CM Overseas;
3. while all JV Directors are to be appointed by Santarli Corporation, and CM Overseas has no representation at the level of the JV Board, this is equitably applied to all JV Shareholders which hold 10% equity interest in the JV Company. In addition, each of such JV Shareholders can appoint a member to the Executive Committee (and may be invited to appoint an observer to the JV Board) which have access to necessary documentation regarding the Pheng Geck Project;
4. despite Santarli Corporation and Excel Precast jointly held 70% equity interest in the JV Company, the Directors are of the view that the Company's interest in the JV Company is safeguarded in sense that the interest of all the JV Shareholders are aligned, and that Santarli Corporation could not exercise absolute control over the JV Company on the Reserve Matters which requires approval from shareholders of 75% or more; and given its majority stake in the JV Company, the business relationship established since 2007 and the proven track record of Santarli Group, the Directors believe that Santarli Corporation would use its best endeavours to manage the JV Company based on its expertise and management skills in the property development industry;
5. in the event of a deadlock, there are stipulated procedures for the JV Shares held by the dissenting party to be sold to the other JV Shareholders at fair value representing a reasonable exit to the Proposed Investment and the Company will then be able to invest in other projects as the Directors deem appropriate; and
6. JV Shareholders have the pre-emptive right to acquire shares from exiting JV Shareholders,

we are of the view that the terms of the Amended and Restated JVA are those commonly adopted in agreements of similar nature, are essential to protect the interest of the Company and are fair and reasonable and we concur with the Directors that the right to access information on the

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financial position and progress of the Pheng Geck Project together with the deadlock arrangement mentioned in paragraph 2.5.2 of the Board Letter would adequately safeguard the interest of the Company.

Based on the foregoing, we are of the view that the terms of the Amended and Restated JVA are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Possible financial impact to the Group

4.1 Accounting treatment

Upon Completion, the JV Company will be owned as to 10% by the Company and accordingly, the Company will account for its shareholding interest in the JV Company as an available-for-sale investment.

4.2 Earnings

The development of the Land is expected to be completed by October 2015 as disclosed in paragraph 7 of the Valuation Report set out in Appendix V to the Circular. The Proposed Investment is not expected to have any immediate effect on the earnings of the Group for the financial year ending 31 December 2013. Future dividend income from the JV Company, if any, will be recognised in the profit and loss account of the Company.

4.3 Net asset value

The investment in the JV Company is not expected to have any immediate effect on the net assets of the Group for the financial year ending 31 December 2013 where the investment amount will be carried at costs.

4.4 Working capital

As disclosed in paragraphs 2.4.3 and 2.7.1 of the Board Letter, the total commitment of CM Overseas in the JV Company is estimated at approximately S\$17.75 million (equivalent to approximately US\$14.0 million), comprising the contingent liability of up to S\$12.25 million under the guarantee relating to the Bank Loan, and S\$5.5 million as share capital of the JV Company and Shareholder's Loans.

It is further disclosed in paragraph 2.3.3 of the Board Letter that the Consideration payable by CM Overseas for the Sale Shares and the Shareholder's Loan (the aggregate of which being not more than S\$5.5 million) shall be deemed satisfied and settled in full by way of CM Overseas agreeing to the release and discharge of a portion of CM Overseas Loan of equivalent amount. As disclosed in paragraph 2.2 of the Board Letter, the CM Overseas Loan represents the amount CM Overseas originally obliged to contribute to the JV Company under the MOU. Since such amount of fund has been paid in 2012, there will be no additional cash outflow for the Proposed Acquisition.

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As at 31 December 2012, the Group recorded cash and cash equivalent at approximately US\$21.9 million and the current liabilities amounted to approximately US\$6.9 million. The Directors confirm that the said amount of fund has been designated for the Proposed Investment when the Company entered into the MOU, and it was translated into the CM Overseas Loan when CM Overseas did not become the Initial JV Shareholder because there was insufficient time for the Company to seek Shareholders' approval for the Proposed Investment prior to the deadline to set up the JV Company to proceed with the development of the Pheng Geck Project. There is no material impact on working capital whether or not the CM Overseas Loan is to be repaid or offset the Consideration as we understand from the Directors that there is no imminent plan to deploy such fund as stated in paragraph 1.3.4 above of this letter.

Based on the above, we are of the view that the amount to be invested in the JV Company and the entering into of the Amended and Restated JVA will have no immediate impact on the financial performance and financial position of the Group. The aforementioned analyses are for illustration purpose only and do not purport to represent how the financial position of the Group will be upon completion of the entering into of the Amended and Restated JVA.

RECOMMENDATION

We have considered the above principal reasons and factors, in particular, the participation of CM Overseas as one of the JV Shareholders necessitates the entering into of the Amended and Restated JVA. We are of the view that the terms of the Amended and Restated JVA are entered into on normal commercial terms, in the ordinary and usual course of business and fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, should the Proposed Investment be concurred with, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution for the approval of the Proposed Acquisition, and the Proposed Investment including the entering into of the Amended and Restated JVA to be proposed at the SGM.

Yours faithfully,

For and on behalf of

Altus Capital Limited

Arnold Ip	Sean Pey Chang
<i>Executive Director</i>	<i>Executive Director</i>

FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for year ended 31 December 2010 have been set out in the Listing Document of the Company which was posted on 21 June 2011 on SEHK's website (<http://www.hkexnews.hk>). Please also see a quick link to the Listing Document:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2011/0621/LTN20110621007.pdf>

The audited consolidated financial statements of the Group for year ended 31 December 2011 have been set out in the Annual Report 2011 of the Company which was posted on 23 March 2012 on SEHK's website (<http://www.hkexnews.hk>). Please also see below a quick link to the Annual Report 2011:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0323/LTN20120323014.pdf>

The audited consolidated financial statements of the Group for year ended 31 December 2012 have been set out in the Annual Report 2012 of the Company which was posted on 27 March 2013 on SEHK's website (<http://www.hkexnews.hk>). Please also see below a quick link to the Annual Report 2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0327/LTN20130327021.pdf>

Financial information of the Group for the three months ended 31 March 2013 has been posted on 9 May 2013 on SEHK's website (<http://www.hkexnews.hk>). Please also see a quick link to the quarterly results:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0509/LTN20130509496.pdf>

INDEBTEDNESS STATEMENT**Debts and Borrowings**

As at 30 April 2013, being the latest practicable date prior to printing of this Circular, the Group had (i) outstanding bank overdraft of US\$2,433,000 which was secured by a fixed deposit, (ii) outstanding loan balances of US\$17,075,000 available to Heroic Marine Corp., a subsidiary of the Company, from a ship leasing company, (iii) outstanding loan balances of US\$14,814,000 to Zorina Navigation Corp., a subsidiary of the Company, from a financial institution and (iv) outstanding loan balances of US\$4,000,000 available to Cape Ore Marine Corp., a subsidiary of the Company, from a ship leasing company. The loan balances were guaranteed by the Company and were secured by three vessels held by the Group and the assignment of the insurance proceeds in respect of the three vessels.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 April 2013 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

FINANCIAL AND TRADING PROSPECT

The dry bulk market, in which the Group is engaged, is under intense pressure as the retreating weight of the PRC as the driver of that market is extensively felt. The dry bulk market remains weak and the Baltic Dry Index (BDI), which has a close correlation to freight rates, is low at the current 1,000 level. Low demand for commodities in the Greater China Region, and the over-supply of vessels has led to pressure on the freight rates in the dry bulk market. It is expected that the BDI will remain volatile in the year to come, with freight rates remaining depressed.

The Group remains cautious on the outlook for 2013. Subsequent to the year ended of 2012, the Group acquired and took delivery of another second hand capesize vessel for a cash consideration of US\$7.5 million. The updated tonnage of the Group's fleet is approximately 410,000 dwt. The Group also obtained a bank term loan for the aggregate principal amount of US\$4 million for working capital purposes. With the replacement of the vessels, the Group is well placed to have higher efficiency in the event the dry bulk market recovers in full.

As at the Latest Practicable Date, the Group had cash and cash equivalent of approximately US\$18 million. The gearing ratio was about 50%. As for the Group's core business of vessel chartering, the Group plans to maintain the current tonnage and continue to deploy its vessels for carrying cargoes, such as coal, nickel ores and iron ores in the Greater China area and South-East Asia. As for the Proposed Property Investment Business, the Group has yet to identify any other potential investment opportunities. Therefore, the Group does not expect any major capital expenditure requiring further financing. With cash, internally generated revenue and available bank facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

The Group expects the financial performance for 2013 to be adversely affected by the current challenging economic conditions and uncertain outlook. However, the Group will maintain its cost-effective structure and focus on keeping its fleet well-deployed and running efficiently.

WORKING CAPITAL STATEMENT

The Directors are in the opinion that, after taking into account the present internal financial resources of the Group including our internally generated funds and the cash flow impact of the Proposed Acquisition, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this Circular.

APPENDIX II SUMMARY FINANCIAL STATEMENTS OF THE JV COMPANY

Rule 14.67(6)(a)(i) of the HK Listing Rules requires for an accountants' report on the JV Company in accordance with Chapter 4 of the HK Listing Rules.

However, Santarli Corporation and other JV Shareholders declined the Company's request for an audit for the purpose of such accountants' report on the basis that the carrying out of an audit on the JV Company would create an unnecessary burden on the JV Company and that CM Overseas would only take up a minority interest as a passive investor.

*By mutual negotiation efforts, Santarli Corporation agreed that a review on the financial statements of the JV Company for the Company's internal reference. Hence, the Company engaged Deloitte & Touche LLP ("**Singapore Deloitte**") to carry out the agreed review in March 2013. The review (the "**Review Report**"), which is in accordance with the International Standard on Review Engagements 2400, has been completed and that Singapore Deloitte has expressed an opinion that nothing has come to their attention that causes them to believe that the accompanying financial statements were not presented fairly, in all material respects, in accordance with International Financial Reporting Standards.*

*Santarli Corporation also does not agree to the disclosure of the Review Report in the Circular on the basis that the JV Company is a private company and its financial statements should not be disclosed. However, they would have no objection for summaries of the Statement of Financial Position, Statement of Comprehensive Income and Statement of Cash Flows of the JV Company as at 31 January 2013 (the "**Summary Financial Statements**") to be disclosed in the Circular. The Summary Financial Statements are prepared by the Company based on the Review Report.*

The SEHK has consequently granted relaxation of the requirement under Rule 14.67(6)(a)(i) of the HK Listing Rules. The Summary Financial Statements are hereby presented to the Shareholders as follows:–

APPENDIX II SUMMARY FINANCIAL STATEMENTS OF THE JV COMPANY

SANTARLI REALTY PTE. LTD**SUMMARY OF STATEMENT OF FINANCIAL POSITION***As at January 31, 2013*

	2013
	S\$
ASSETS	
Cash and cash equivalents	15,060,121
Other receivables	5,500,000
Property under development	<u>127,312,096</u>
Total assets	<u><u>147,872,217</u></u>
LIABILITIES AND EQUITY	
Advances from shareholders	54,000,000
Current liabilities and other current liabilities	7,200,847
Non-current liability – Term loan	86,100,000
Net shareholders' equity	<u>571,370</u>
Total liabilities and equity	<u><u>147,872,217</u></u>

SUMMARY OF STATEMENT OF COMPREHENSIVE INCOME*Period from 16 July 2012 (date of incorporation) to 31 January 2013*

	2013
	S\$
Other operating income	4,585
Administrative expenses	<u>(433,215)</u>
Loss before income tax	(428,630)
Income tax	<u>–</u>
Loss for the period	<u><u>(428,630)</u></u>

APPENDIX II SUMMARY FINANCIAL STATEMENTS OF THE JV COMPANY

SUMMARY STATEMENT OF CASH FLOWS

Period from 16 July 2012 (date of incorporation) to 31 January 2013

	2013
	S\$
Operating activities	
Loss before income tax	(428,630)
Adjustment for:	
Interest income	<u>(4,585)</u>
Operating cash flows before movements in working capital	(433,215)
Cash used in operations	(120,109,430)
Interest paid	<u>(435,034)</u>
Net cash used in operating activities	<u>(120,544,464)</u>
Investing activity	
Interest received, represent net cash from investing activity	<u>4,585</u>
Financing activities	
Net cash from financing activities	<u>135,600,000</u>
Net increase in cash and cash equivalents	15,060,121
Cash and cash equivalents at date of incorporation	<u>—</u>
Cash and cash equivalents at end of the financial period	<u><u>15,060,121</u></u>

No audit procedure has been carried out on the Summary Financial Statements. Shareholders are advised to exercise caution in analysing the Summary Financial Statements.

CM Overseas, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Santarli Corporation, and independent third party, to purchase from Santarli Corporation 100,000 shares in Santarli Realty, (which constitutes 10% of the issued share capital of Santarli Realty) at a cash consideration of S\$100,000 and shareholder's loans of not exceeding the principal amount of S\$5,400,000. Santarli Realty is a subsidiary of Santarli Corporation and is engaged in property development business in Singapore. At 31 December 2012, CM Overseas has advanced an interest-free loan amounting to \$5,500,000 (equivalent to US\$4,373,000) to Santarli Corporation and this interest-free loan will be used to offset the Consideration.

Upon Completion of the Proposed Acquisition, this interest-free loan will be accounted for the shareholders' loan to the JV Company as the Company only owns 10% shares of the issued capital of the JV Company. The development of the Land is expected to be completed by October 2015 as disclosed in paragraph 7 of the Valuation Report set out in Appendix V. The Proposed Investment is not expected to have any immediate effect on the earnings of the Group for the financial year ending 31 December 2013. Future dividend income from the JV Company, if any, will be recognised in the profit and loss account of the Company.

Other operating income as stated in the summary of statement of comprehensive income consisted of interest income from bank and sundry income. The JV Company recorded other operating income of approximately S\$5,000 from the date of incorporation to 31 January 2013 mainly due to the interest income from the bank.

The JV Company recorded administrative expenses for approximately S\$433,000 from the date of incorporation to 31 January 2013. The administrative expenses were mainly attributed from the legal and professional expenses and start-up fee of the JV Company.

As at 31 January 2013, the JV Company had other receivable of S\$5.5 million which was attributed to an amount due from a shareholder of the JV Company. This amount due from a shareholder is unsecured, interest-free and repayable on demand.

As at 31 January 2013, the JV Company had other payables of approximately S\$7.2 million. The other payables consisted of approximately S\$7 million of accrual expenses and approximately S\$150,000 of interest payable due to the bank loan.

The JV Company has obtained the Bank Loan. As at 31 January 2013, the JV Company had a term loan from a bank of approximately S\$86 million. The term loan from a bank of S\$86,100,000 is repayable in 45 months from date of first drawdown or within 6 months after the issuance of Temporary Occupation Permit ("TOP") of the underlying property of the JV Company, whichever was earlier. The date of first drawdown was on October 1, 2012. The term loan bears interest rate at an aggregate of 1.65% per annum above the bank's swap rate for 1, 2, 3 or 6 months. It is secured against property under development, rights, title and benefits in construction contracts relating to the property, corporate guarantee by Santarli Holdings Pte Ltd and joint and several personal guarantee by three of the directors.

As at the Latest Practicable Date, the JV Company is registered as the registered proprietor of the Land subject to a 99-year lease commencing from 1 October 2012. A Grant of Written Permission was issued to the JV Company on 23 January 2013 vide Urban Redevelopment Authority of Singapore for the proposed condominium housing development. The housing development of the Pheng Geck Project has been named the “Sant Ritz”, which upon completion will comprise of 175 units of apartments housed with a 19-storey tower and 39 units of houses with part 4/part 5-storey row houses. The pre-sales of “Sant Ritz” was officially launched in April 2013 and is now available for public to purchase. As at the Latest Practicable Date, over 50% of the units had been sold out.

The row of shophouses previously existing on the Land has been demolished. The subject site is currently being cleared for construction and showflats have been constructed on the Land.

The JV Company has informed the Company that the Master Development Programme relating to the Pheng Geck Project is on schedule and piling has commenced in April 2013. According to the Master Development Plan, milestones and schedule of development plan of the Pheng Geck Project are as follows:–

Milestones	Scheduled Date
Commencement of piling	April 2013
Completion of foundation works	December 2013 – January 2014
Completion of superstructural works	November – December 2014
Practical completion (end of construction period)	June – July 2015
Date of TOP	October 2015

As of 22 April 2013 after 2 weeks of the public launch, 101 units have been sold with a potential gross sales revenue of S\$115,292,899. Given that the revised Total Development Cost as advised by the JV Company was S\$215,108,042, it should be adequately covered by the Bank Loan (a total of S\$122,500,000), total capital contribution from the JV Shareholders of S\$55,000,000 and the abovementioned gross sales revenue of S\$115,292,899.

As at the Latest Practicable Date, the JV Company does not have further plans to obtain future financing.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

On 14 September 2012, CM Overseas, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Santarli Corporation, an independent third party, to purchase from Santarli Corporation 100,000 shares in Santarli Realty (which constitutes 10% of the issued share capital of Santarli Realty) at a cash consideration of S\$100,000 (equivalent to US\$80,000) and provide shareholder's loans to Santarli Realty of not exceeding the principal amount of S\$5,400,000 (equivalent to US\$4,293,000). Santarli Realty is a subsidiary of Santarli Corporation and is engaged in property development business in Singapore. At 31 December 2012, CM Overseas has advanced an interest-free loan amounting to S\$5,500,000 (equivalent to US\$4,373,000) to Santarli Corporation and this interest-free loan will be used to offset the Consideration. Upon the Completion of the Proposed Acquisition, the Company will not have any board seat in Santarli Realty and the interest in Santarli Realty would be classified as available-for-sale investment. Completion of the Proposed Acquisition is conditional upon the Company having obtained the independent shareholders' approval in general meeting.

The unaudited pro forma financial information of the Group has been prepared in accordance with paragraph 29 of Chapter 4 of the HK Listing Rules to illustrate the possible outcomes relating to the Proposed Acquisition.

The unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2012 is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2012 as extracted from the annual report of the Company for the year ended 31 December 2012 and as if the Proposed Acquisition, where applicable, had been completed on 31 December 2012 after giving effect to the pro forma adjustments that are (i) directly attributable to the transactions and (ii) factually supportable, as described in the accompanying note.

The unaudited pro forma financial information is prepared only to illustrate the financial impact on the Group as a result of the Completion of the Proposed Acquisition. It is prepared for illustrative purposes only and because of its hypothetical nature, it does not purport to represent what the financial position of the Group as at 31 December 2012 or any future date would have been had the Proposed Acquisition been completed, where applicable.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group US\$'000	Pro forma adjustments US\$'000	Note	The Enlarged Group US\$'000
Non-current assets				
Property, plant and equipment	62,029			62,029
Investment properties	2,355			2,355
Available-for-sale investment	–	80	a.	80
Interest in a jointly controlled entity	32			32
Long-term receivables	7,679	(80)	a.	7,599
Total non-current assets	<u>72,095</u>	<u>–</u>		<u>72,095</u>
Current assets				
Trade receivables	891			891
Other receivables and prepayments	3,652			3,652
Amount due from a jointly controlled entity	412			412
Tax recoverable	58			58
Held-for-trading investments	391			391
Pledged bank deposits	4,298			4,298
Structured deposit	962			962
Cash and cash equivalents	21,872			21,872
Total current assets	<u>32,536</u>	<u>–</u>		<u>32,536</u>
Total assets	<u>104,631</u>	<u>–</u>		<u>104,631</u>
Current liabilities				
Other payables and accruals	1,775			1,775
Borrowings – due within one year	5,098			5,098
Total current liabilities	<u>6,873</u>	<u>–</u>		<u>6,873</u>
Capital and reserves				
Share capital	19,059			19,059
Share premium	28,027			28,027
Revaluation reserve	1,117			1,117
Retained profits	19,470			19,470
Total equity	<u>67,673</u>	<u>–</u>		<u>67,673</u>
Non-current liabilities				
Deferred taxation	214			214
Borrowings – due more than one year	29,871			29,871
Total non-current liabilities	<u>30,085</u>	<u>–</u>		<u>30,085</u>
Total liabilities and equity	<u>104,631</u>	<u>–</u>		<u>104,631</u>
Net current assets	<u>25,663</u>	<u>–</u>		<u>25,663</u>
Total assets less current liabilities	<u>97,758</u>	<u>–</u>		<u>97,758</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

Note:

- a. At 31 December 2012, Courage Marine Overseas has advanced an interest-free loan amounting to S\$5,500,000 (equivalent to US\$4,373,000) to Santarli Corporation and this interest-free loan will be used to offset the Consideration. The loan advance has been accounted for as long-term receivables at 31 December 2012 at the amount of US\$3,832,000 at the effective interest rate of 5.73% per annum. Upon the completion of the Acquisition, the interest-free loan of S\$5,400,000 will be accounted for as the shareholders' loan to Santarli Realty and classified as long-term receivables. Accordingly, the pro forma adjustment represents the fair value of the equity investment of S\$100,000 in Santarli Realty amounting to US\$80,000 to be transferred from long-term receivables to available-for-sale investment.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF COURAGE MARINE GROUP LIMITED

We report on the unaudited pro forma financial information of Courage Marine Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of 10% equity interest in Santarli Realty Pte Ltd. by Courage Marine Overseas Ltd., the wholly owned subsidiary of the Company might have affected the financial information presented, for inclusion in Appendix IV of the circular dated 25 June 2013 (the “**Circular**”). The basis of preparation of the unaudited pro forma financial information is set out in Appendix IV to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 December 2012 or any future date.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 June 2013

The following are the text of a letter and valuation summary prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle, an independent professional valuer, in connection with the valuation of the property to be held by the Group as at 25 March 2013.



Jones Lang LaSalle Property Consultants Pte Ltd
9 Raffles Place #39-00 Republic Plaza Singapore 048619
tel +65 6220 3888 fax +65 6438 3362

Company Reg. No. 198004794D Agency Licence No. L3007326E
Company Reg. No. 197600508N

28 March 2013

The Board of Directors
Courage Marine Group Limited
Suite 1801, West Tower, Shun Tak Centre,
200 Connaught Road Central,
Hong Kong

Dear Sirs,

**VALUATION OF LAND KNOWN AS LOT 10335T MUKIM 17 LOCATED
AT 1 PHENG GECK AVENUE SANT RITZ SINGAPORE 348196
(THE "PROPERTY")**



1.0 INTRODUCTION

This valuation and report is prepared for Courage Marine Group Limited (the “**Client**”) for filing to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), The Stock Exchange of Hong Kong Limited (“**SEHK**”) and shareholder’s circular.

We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value and gross development value of the land Lot 10335T Mukim 17 located at 1 Pheng Geck Avenue Sant Ritz Singapore 348196 (the “**Property**”), as at 25 March 2013.

Source of Information

We have relied on information accessible in the public domain, our in-house data, information of the proposed development provided by the client such as the scheme of the development, site area, gross floor area, saleable floor area/provisional strata floor areas, cost of construction, number of units sold, specifications, formal planning approval and all relevant information required for us to determine the market value and gross development value.

We have put in our best endeavour to verify the validity and accuracy of the information provided. However, we have given no guarantee on the correctness on all the information made available to us. Should these prove to be incorrect or inadequate, we reserve the right to review and revise the values reported.

Dimensions, measurements and areas are based on information contained in copies of documents made available to us and are therefore only approximations. No on site measurements have been taken.

Title Investigation

We have carried out the title searches relating to the Property with the Land Title Registry. We have reported the information with regards to the ownership, tenure, land area and all encumbrances, if any, in our reports. However, we do not interpret nor ascertain the security of the ownership or legal interest in the Property belonging to the developer. In carrying out our valuation, we assumed that the developer owned the asset as at the date of our valuation.

Basis of Valuation

Our valuation of the Property is made on the basis of the ‘Market Value’ adopted by the International Valuation Standards (IVS), as follows:

“Market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

The Property is mainly a residential land for a proposed condominium housing development. In determining the market value, we have considered the land value and the improvements carried out to date.

The methods of valuation are direct comparison with recent transactions to determine the gross development value, and residual method and direct comparison with recent transactions to determine the land value.

We have assessed the market value of the Property independently. We have assumed that each of the unit within the proposed development shall be strata titled for sales individually and we have not considered them to be sold as an entire development. The strata titled units are valued with the benefit of vacant possession and subject to satisfactory completion in accordance to the approved plans.

The market value of the Property represents the 100% interest and not the share holdings of the company holding the Property thereof.

Our report is prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation.

Valuation Assumptions

Other general assumptions made in preparing the capital value of the property interest include the following:

1. the Property is currently being held for development;
2. the Property is with the benefit of good and enforceable title for the existing/proposed use and is freely disposable and transferable in the market;
3. the proposed use(s) and plot ratio adopted for the Property would comply with relevant planning rules and regulations in the relevant countries and that all relevant approvals would be granted as at the Date of Valuation;
4. the grantee(s) of the Property have free and uninterrupted rights to use, mortgage and assign the Property Interest for the whole of the unexpired lease/land use rights terms;
5. the Property has been assessed independently and that it is sold on the market without the benefit of a deferred terms contract, joint venture, management agreement or any similar arrangement which could serve to affect the values of the properties;
6. no allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect its values;

7. unless otherwise stated, we have assessed the market value of the Property with the benefit of vacant possession. Where the Property is acquired from the market subject to an 'enbloc sale' under the Land Title (Strata) Act Cap 158, we have assumed that the 'enbloc sale' is approved and subjected to vacant possession, as cleared site as at the Date of Valuation;
8. we have consulted the client on the proposed scheme for the Property and the market value is determined according to the development parameters in the grant of written permission vide reference number ES20120731R0211 dated 23 January 2013 issued by the Urban Redevelopment Authority of Singapore (URA).

Methodology of Valuation

Gross Development Value

Direct Comparison Approach

The gross development value is obtained by using the direct sales comparison of current transactions of similar properties in the vicinity or elsewhere and adjustments are made to reflect the differences in terms of location, quality, amenities, orientation, design and layout, type, date of transaction and all other factors that affect the value of the properties.

Market Value (Land)

Residual Approach

This method entails the estimation of the gross development value of the proposed development assuming it is completed and from which the various estimated costs of development such as construction cost including contingencies, financing cost, professional fee, Goods and Services Tax (GST), marketing and legal cost, developer's profit, stamp duty and legal fees, property tax, holding cost for land and other expenses are deducted to give a residual amount which will represent the amount a prudent developer will pay for the site.

Direct Comparison Approach

We have cross-checked our valuation of the land value by using the direct comparison with transactions of comparable properties within the vicinity and elsewhere. In arriving at our valuation figure, we have taken into consideration the prevailing market conditions and have made due adjustments for differences between the Property and the comparables in terms of location, tenure, size, shape, development potential, age, dates of transaction and other factors affecting their values.

Property Inspection

We have inspected the exterior and the general locale of the Property on 22 March 2013. We have not carried out building surveys, nor have we inspected those parts of the Property Interests, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair

and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the services within individual property.

We were not instructed to carry out investigations on site to determine the suitability of the ground conditions and the services etc for any future development. Our valuation is prepared on the assumptions that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, occupiers' furniture and furnishings and non permanent fixtures and fittings are excluded.

2.0 TERMS OF REFERENCE

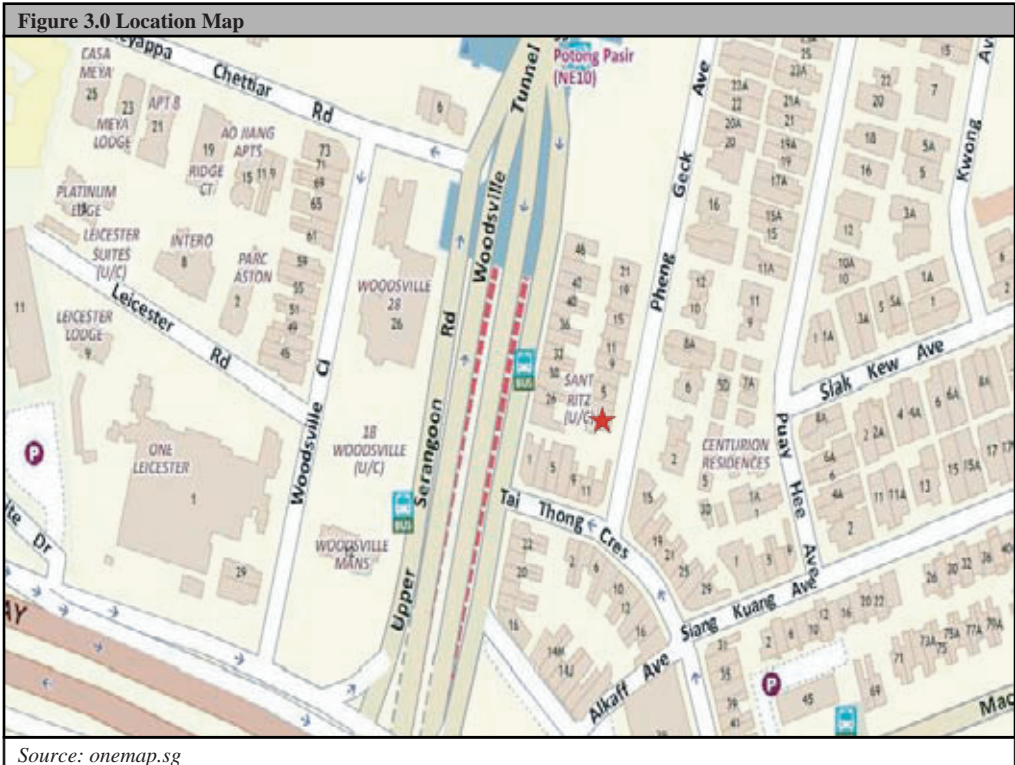
We have been instructed to determine the market value and the gross development value of the Property with grant of written permission vide reference number ES20120731R0211 dated 23 January 2013 issued by the Urban Redevelopment Authority of Singapore (URA) for the proposed condominium housing development comprising 1 block of 19-storey apartments (Total: 175 units) and part 4/part 5-storey row houses (Total: 39 units) with open roof terraces, 2 common basement carparks and communal facilities.

3.0 LOCATION

The Property is located at the junction between Pheng Geck Avenue and Tai Thong Crescent, off Upper Serangoon Road. It is located approximately 6.5 km from the city centre at Collyer Quay.

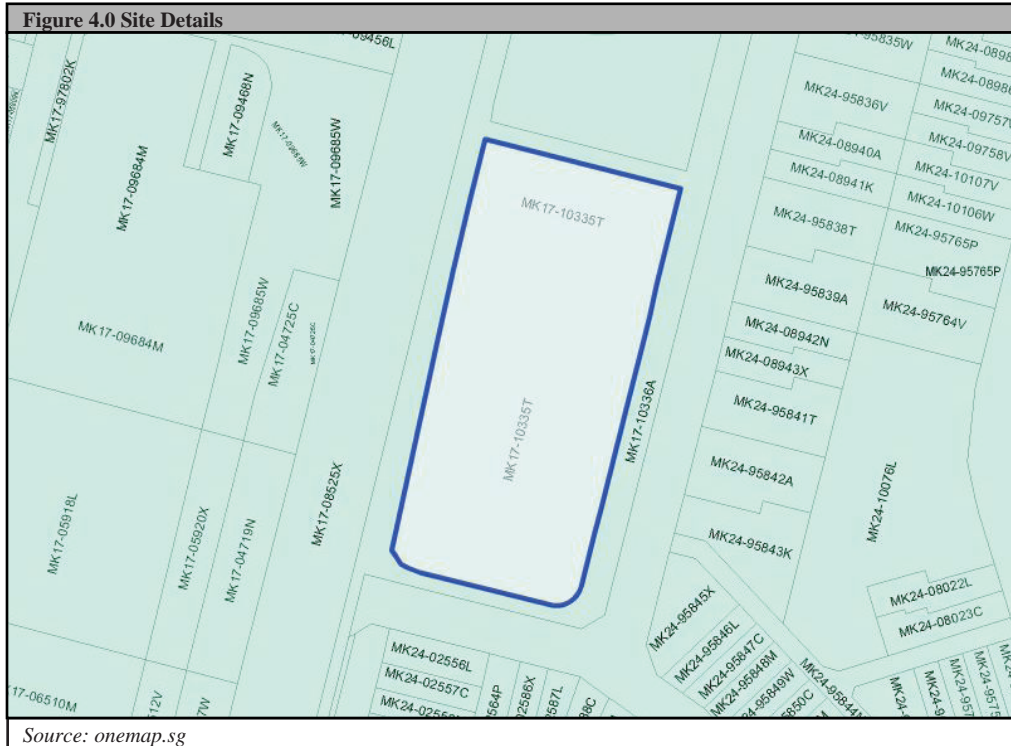
The locality is generally residential in character, comprising of a number of private residential developments which include Nin Residence (under-construction), 18 Woodsville (under-construction), Woodsville 28, One Leicester and Leicester Lodge. A number of schools are also located within the vicinity, namely Saint Andrew’s Junior College, Saint Andrew’s Secondary School, Cedar Girls Secondary School and the upcoming Stamford American International School.

Public transport and retail facilities are easily available in the area. The Potong Pasir MRT Station is located about 150 m to the north-west from the Property. Vehicular access to other parts of the island is facilitated by the Pan-Island Expressway (PIE).



4.0 DETAILS OF TITLES AND TENURE

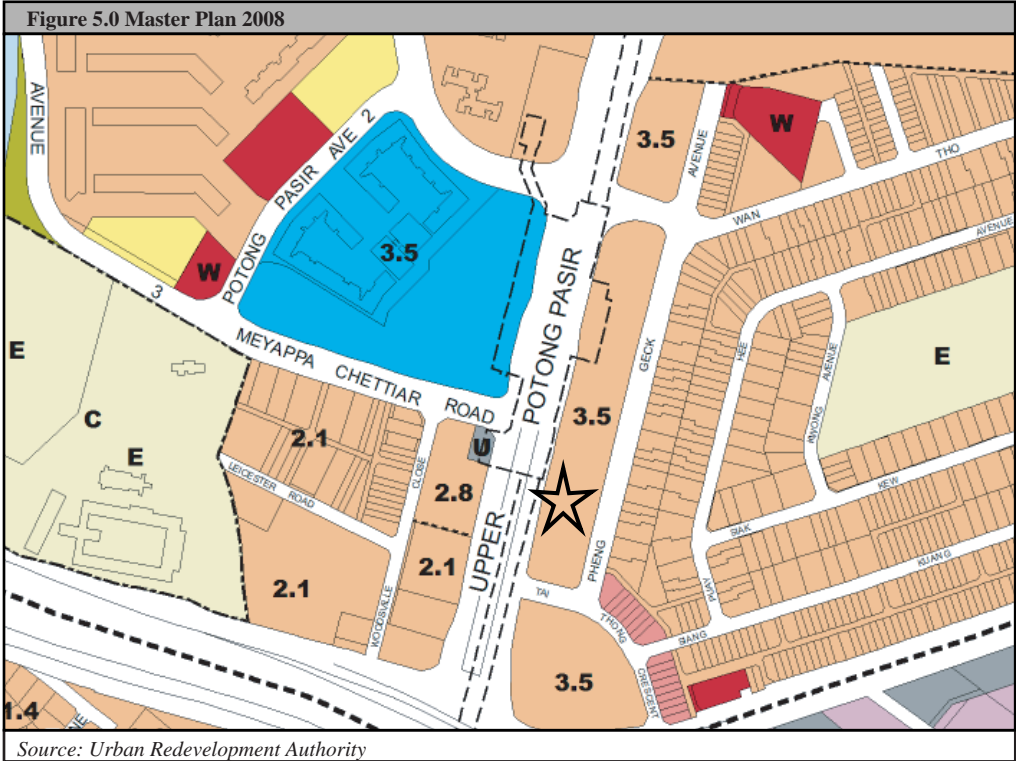
Legal Description : Lot 10335T Mukim 17
 Site Area : 4,850.5 sq.m. (52,211 sq.ft.)



Tenure : 99 years lease commencing from 1 October, 2012
 Registered Proprietor : Santarli Realty Pte Ltd.
 Encumbrance : Caveat ID/172494H was lodged against the subject site on 21 September 2012 by United Overseas Bank Limited.
 Other Details : —

5.0 TOWN PLANNING

Master Plan Zoning (2008 Edition) : Residential with a plot ratio of 3.5 with a bonus plot ratio of 10% for balconies, private enclosed spaces and roof terraces.



Project Completion Date : Sixty (60) months commencing from 4 July 2012 and expiring on 3 July 2017 for the construction and obtaining of Temporary Occupation Permit or Permits for the whole of the Development.

Planning Application : Grant of Written Permission was issued on 23 January 2013 vide Urban Redevelopment Authority of Singapore (URA) reference number ES20120731R0211 for the proposed condominium housing development comprising 1 block of 19-storey apartments (Total: 175 units) and part 4/part 5-storey row houses (Total: 39 units) with open roof terraces, 2 common basement carparks and communal facilities.

The approved total gross floor area is 18,674.70 sq.m. (201,014 sq.ft.) (main building GFA of 16,977 sq.m. (182,740 sq.ft.) and balcony GFA of 1,697.7 sq.m. (18,274 sq.ft.)). The overall plot ratio is 3.85 (gross).

6.0 DESCRIPTION OF THE PROPERTY

The site comprises an almost rectangular shaped plot of land with splayed corners. It is bounded by Upper Serangoon Road, Tai Thong Crescent and Pheng Geck Avenue, with a frontage of about 105 m onto Upper Serangoon Road and a depth of about 50 m. It is generally flat and at the existing road level.

The existing row of shophouses was demolished as at the date of our inspection on 22 March 2013. The subject site is currently being cleared for construction and a showflat is being constructed on the Property.



7.0 PROPOSED DEVELOPMENT – AS PROVIDED BY THE CLIENT

The proposed development, known as “Sant Ritz”, upon completion will comprise of 175 units of apartments housed within a 19-storey tower block and 39 units of houses housed within a part 4/part 5-storey row houses.

Our valuation is on the basis of the following planning guidelines and parameters provided by the client:

Total Site Area	:	4,850.5 sq.m. (52,211 sq.ft.)
Permissible Plot Ratio	:	3.5
Permissible Gross Floor Area	:	16,976.75 sq.m. (182,738 sq.ft.)
Proposed Plot Ratio	:	3.85 (including balconies)
Proposed Gross Floor Area	:	Approximately 18,674.7 sq.m. (201,014 sq.ft.) – including balconies
Proposed Net Saleable Floor Area	:	Approximately 17,836.4 sq.m. (191,991 sq.ft.)
Percentage of Saleable Floor Area over Gross Floor Area	:	Approximately 95.5 %
Total number of apartments and houses	:	175 units and 39 units respectively
Expected Date of TOP	:	October 2015

8.0 ACCOMMODATION AND FINISHES – ACCORDING TO CLIENT’S INFORMATION

The distribution of the units are summarised as follows:–

Unit Description	Type	Remarks	Floor Area (sq.m.)	Floor Area (sq.ft.)	Total Units
1 Bedroom + study	AS1		1,371.49	14,763	28
	AS1a		105.96	1,141	2
	AS1r		97.96	1,054	2
	AS2		734.73	7,909	15
	AS2r		48.98	527	1
2 Bedroom	B1		2,073.23	22,316	34
	B1p	+ pes	135.95	1,463	2
	B1r	+ roof terrace	201.92	2,174	2
	B2		151.94	1,636	2
3 Bedroom Compact	C1	compact	1,967.27	21,176	24
	C1a	compact	199.93	2,152	2
	C1r	compact + roof terrace	245.91	2,647	2
	C2	compact	1,156.57	12,449	13
	C2r	compact + roof terrace	131.95	1,420	1
3 Bedroom	C3		1,223.55	13,170	12
	C3a		1,163.57	12,525	12
	C3b		1,567.42	16,872	16
	C3c		233.91	2,518	2
	C3r	+ roof terrace	293.89	3,163	2
	C3br	+ roof terrace	140.95	1,517	1
Row House	RH1	3 bedroom + pes (3 levels)	1,825.32	19,648	11
	RH1a	3 bedroom + pes (3 levels)	165.94	1,786	1
	RH1b	3 bedroom + pes (3 levels)	165.94	1,786	1
	RH2	2 bedroom + study	575.79	6,198	9
	RH2a	2 bedroom + study	64.98	699	1
	RH2b	2 bedroom + study	131.95	1,420	2
	RH2c	2 bedroom + study	72.97	785	1
	RH3	3 bedroom + roof (2 levels)	265.90	2,862	2
	RH3a	3 bedroom + roof (2 levels)	259.90	2,798	2
	RH3b	2 bedroom + study + roof (2 levels)	344.87	3,712	3
	RH3c	2 bedroom + study + roof (2 levels)	227.92	2,453	2
	RH3d	2 bedroom + study + roof (2 levels)	115.96	1,248	1
	RH3e	2 bedroom + study + roof (2 levels)	113.96	1,227	1
RH3f	2 bedroom + study + roof (2 levels)	116.96	1,259	1	
RH3g	3 bedroom + roof (2 levels)	140.95	1,517	1	
Total			17,836.40	191,991	214

We have assumed that the finishes and fittings of the proposed development will be of good quality.

9.0 OTHER DETAILS

- i) We have taken into consideration the Road Interpretation and Railway Protection Plans, referenced PO: DA11291790689G dated 3 September 2012 and PO: DA11291790689G_2 dated 3 September 2012 respectively.
- ii) We have not applied for Drainage Interpretation Plan for the Property as this is outside our terms of reference. Our valuation is therefore made on the assumption that the Property is not adversely affected by any approved/proposed drainage scheme. It is recommended that the valuation be referred back to us for a review should your solicitors subsequently discover the existence of any such schemes after legal requisitions with the various competent authorities have been completed by them.

10.0 SWOT ANALYSIS

Strengths

- Walking distance to Potong Pasir MRT Station which is about 150 m away, where access to all parts of the island is enhanced.
- In close proximity to a number of good schools, namely Saint Andrew's Junior College and Cedar Girls Secondary School.
- Availability of good amenities within the area such as retail facilities and eateries at Geylang Bahru Market and Food Centre, Potong Pasir Housing Development Board (HDB) Estate and NEX Shopping Centre.
- Accessibility to other parts of Singapore via Pan-Island Expressway (PIE) that is linked to Kallang-Paya Lebar Expressway (KPE) and East Coast Parkway (ECP).

Weaknesses

- Noisy environment as it is near the busy transport interchange between Pan-Island Expressway (PIE) and Upper Serangoon Road/Macpherson Road/Bendemeer Road.

Opportunities

- Sound management of the economy and political stability will continue to attract investment in Singapore.
- Moderate increase in population through immigration.

Threats

- Future supply of residential development in the vicinity such as Nin Residence, 18 Woodsville, 8 @ Woodleigh and Sennett Residences.

- Uncertain global economic conditions in US and Europe.
- The latest cooling measures announced on 12 January 2013 on additional buyer's stamp duty for foreigners, Permanent Resident first timers and Singaporean second timers, tighter Loan-to-Value Limits and increase in the minimum cash down payment for individuals applying for a second or subsequent housing loan from 10% to 25% are likely to dampen demand in the short term.

11.0 SUPPLY

The estimated number of units of the residential projects with housing developer licence, provisional and written permission within the immediate vicinity in Districts 13 and 19 in 4Q12 are as follows:

Residential Projects in District 13

Project Name	Street Name	Developer	Total Units in Project	Uncompleted Units – With Pre-requisites (Sold)	Uncompleted Units – With Pre-requisites (Launched but Unsold)	Completed Units – With Pre-requisites (Completed & Sold)	Completed Units – With Pre-requisites (Completed & Unsold)
18 Woodsville	Woodsville Close	S P Setia International (S) Pte Ltd	101	86	15	0	0
8@Woodleigh	Woodleigh Close	FCL Homes Pte Ltd	330	0	0	330	0
Bartley Ridge	Mount Vernon Road	Mount V Development Pte Ltd	868	0	0	0	0
D' Almira	Sommerville Road	Almira Development Pte Ltd	25	0	0	25	0
Daisy Suites	Daisy Road	Singbuilders Pte Ltd	25	1	24	0	0
E Maison	Braddell Road	Global Star Development Pte Ltd	129	0	0	0	0
Leicester Suites	Leicester Road	Macly Capital Pte Ltd	47	47	0	0	0
Nin Residence	Pheng Geck Avenue	Qingjian Realty (Serangoon) Pte Ltd	219	215	4	0	0
R Maison	Sommerville Walk	Global Star Development Pte Ltd	45	0	0	0	0
Residential apartments	Wolskel Road	How Poh Huat	7	0	0	0	0
Sant Ritz	Pheng Geck Avenue/ Upper Serangoon Road	Santarli Realty Pte Ltd	219	0	0	0	0
Sennett Residence	Pheng Geck Avenue	Clerodendrum Land Pte Ltd	310	0	0	0	0
Sky Green	Macpherson Road	Unique Realty Pte Ltd	176	161	15	0	0
Suites@Braddell	Braddell Road	Oxley Niche Pte Ltd	33	33	0	0	0
Woodsville 28	Woodsville Close	Yishun Property Pte Ltd	110	0	0	110	0

* Source: Urban Redevelopment Authority

Residential Projects in District 19

Project Name	Street Name	Developer	Total Units in Project	Uncompleted Units – With Pre-requisites (Sold)	Uncompleted Units – With Pre-requisites (Launched but Unsold)	Completed Units – With Pre-requisites (Completed & Sold)	Completed Units – With Pre-requisites (Completed & Unsold)
21 Richards	Richards Avenue	Aurum Land Pte Ltd	31	31	0	0	0
57 @ Kovan	Kovan Road	Sun Fong Trading Pte Ltd	10	0	0	5	5
A Treasure Trove	Punggol Walk	Sim Lian JV (Punggol Central) Pte Ltd	882	851	31	0	0
Bartley Residences	Lorong How Sun	Bartley Development Pte Ltd	702	686	16	0	0
Bliss@Kovan	Simon Lane	BBR Kovan Pte Ltd	140	127	6	0	0
Boathouse Residences	Upper Serangoon View	Easthouse Properties Pte Ltd	493	476	17	0	0
Cambio Suites	Lim Tua Tow Road/ Yio Chu Kang Road	Urban Lofts Pte Ltd	53	0	0	0	0
Cardiff Residence	Cardiff Grove	World Class Developments (Central) Pte Ltd	163	163	0	0	0
Casa Cambio	Lim Tua Tow Road	Urban Lofts Pte Ltd	198	198	0	0	0
Condominium development	Buangkok Drive/ Compassvale Bow/ Sengkang Central	White Haven Properties Pte Ltd	615	0	0	0	0
D'Zire	Robey Crescent	Robeyfort Land Pte Ltd	47	44	0	0	0
D'hiro@Hillside	Hillside Drive	Hiro Investment Pte Ltd	24	5	7	12	0
FLO Residence	Punggol Field Walk	Publique Realty Pte Ltd	530	523	7	0	0
Gambir Ridge	Gambir Walk	Meadows Investment Pte Ltd	77	77	0	0	0
Kovan Regency	Kovan Road/Simon Road	Hoi Hup Kovan Development Pte Ltd	393	383	10	0	0
La Dolce Vita	Upper Paya Lebar Road	LRG Development Pte Ltd	41	0	0	31	10
La Fiesta	Sengkang Square	EL Development (Sengkang) Pte Ltd	810	0	0	0	0
Naung Residence	Jalan Naung	Orion-Two Residential Pte Ltd	60	17	13	0	0
Oasis Garden	Jalan Bunga Rampai	Peak Homes Development Pte Ltd	134	0	0	134	0
One Rosyth	Rosyth Road	Mushrooms Realty Pte Ltd	17	0	0	13	4
OneRobey	Robey Crescent	Goodland Ventures Pte Ltd	18	14	4	0	0

Project Name	Street Name	Developer	Total Units in Project	Uncompleted Units – With Pre-requisites (Sold)	Uncompleted Units – With Pre-requisites (Launched but Unsold)	Completed Units – With Pre-requisites (Completed & Sold)	Completed Units – With Pre-requisites (Completed & Unsold)
Parc Centros	Punggol Central	Wee Hur (Punggol Central) Pte Ltd	618	618	0	0	0
Parc Vera	Hougang Street 32	Sim Lian (Hougang) Pte Ltd	452	450	2	0	0
Park Residences Kovan	Upper Serangoon Road	Kovan Central Pte Ltd	41	41	0	0	0
Presto@Upper Serangoon	Upper Serangoon Road	Oxley Global Pte Ltd	36	36	0	0	0
Residences Botanique	Yio Chu Kang Road	Riverside Walk Pte Ltd	81	0	0	81	0
Residential apartments	Eden Grove	Heng Boon Shan	18	0	0	0	0
Residential apartments	Yio Chu Kang Road	Allen & Glendon Development Pte Ltd	18	0	0	0	0
Residential apartments	Hillside Drive	Invest Ho Properties Pte Ltd	36	0	0	0	0
Residential apartments	Upper Serangoon Road	Oxley-Lian Beng Pte Ltd	160	0	0	0	0
Residential apartments	Lew Lian Vale	Roxy Residential Pte Ltd	171	0	0	0	0
Rich.Residence	Richards Avenue	Farmland Star Property Pte Ltd	12	1	0	0	0
River Isles	Edgedale Plains	Qingjian Realty (Punggol Central) Pte Ltd	610	582	28	0	0
Riversails	Upper Serangoon Crescent	Benefit Investments Pte Ltd	920	615	74	0	0
Riversound Residence	Sengkang East Avenue	Qingjian Realty (Sengkang) Pte Ltd	590	506	84	0	0
Space @ Kovan	Yio Chu Kang Road	RP North Pte Ltd/RP Properties Pte Ltd/ Roxy-Pacific Developments Pte Ltd	140	140	0	0	0
Spazio @ Kovan	Upper Serangoon Road	Spazio Land Pte Ltd	49	0	0	0	0
Suites @ Paya Lebar	Upper Paya Lebar Road	Fragrance Properties Pte Ltd	99	92	7	0	0
Summer Scent	Kang Choo Bin Road	KDC (Kovan) Development Pte Ltd	16	0	0	12	4
Terrasse	Terrasse Lane	MCL Land (Serangoon) Pte Ltd	414	414	0	0	0
The Bentley Residences@Kovan	Kovan Road	Goodland Global Pte Ltd	48	0	0	0	0
The Luxurie	Compassvale Road	Keppel Land Realty Pte Ltd	622	576	46	0	0
The Minton	Hougang Street 11	Peak Garden Pte Ltd	1145	1145	0	0	0

Project Name	Street Name	Developer	Total Units in Project	Uncompleted Units – With Pre-requisites (Sold)	Uncompleted Units – With Pre-requisites (Launched but Unsold)	Completed Units – With Pre-requisites (Completed & Sold)	Completed Units – With Pre-requisites (Completed & Unsold)
The Promenade@ Pelikat	Jalan Pelikat	Oxley Vibes Pte Ltd	164	164	0	0	0
The Quinn	Bartley Road	Bartley Homes Pte Ltd	138	0	0	0	0
The Scala	Serangoon Avenue 3	Circle Line Pte Ltd	468	468	0	0	0
The Tembusu	Tampines Road	Winsmart Investment Pte Ltd	337	0	0	0	0
The Vue	Upper Paya Lebar Road	Giant Land Pte Ltd	50	50	0	0	0
The Waterline	Poh Huat Road West	Waterline Development Pte Ltd	103	100	3	0	0
Urban Residences	Lorong Ah Soo	Wee Hur (Paya Lebar) Pte Ltd	47	39	8	0	0
Vibes @ Kovan	Kovan Road	Oxley Assets Pte Ltd	36	36	0	0	0
Vibes@Upper Serangoon	Upper Serangoon Road	Oxley Global Pte Ltd	60	60	0	0	0
Watertown	Punggol Central	Emerald Star Pte Ltd/FC Retail Trustee Pte Ltd	992	970	22	0	0
iSuites @ Palm	Glasgow Road	I Development Pte Ltd	64	56	8	0	0

* Source: Urban Redevelopment Authority

* A detailed commentary of the market overview is attached.

There was a total of 16,837 units of apartments, condominium and cluster housing with and without planning approval in 4Q2012 within the immediate vicinity in Districts 13 and 19. In total, there were 10,974 units under construction and a further 5,087 units in the planning stage, with 776 units obtaining the Temporary Occupation Permit (TOP).

In 4Q12, there was a total number of 12,840 uncompleted units with planning approval, out of which 11,748 units were launched. 3,221 uncompleted units were without planning permission. The number of uncompleted units with planning approval launched but remained unsold was 451 (3.84%). Some of the uncompleted residential projects with planning approval but remained unsold were 18 Woodsville, Nin Residence, Sky Green, Bartley Residences, Kovan Regency, River Isles, Riversails and Riversound Residence.

Out of the completed units with planning approval, 23 units (2.96%) remained unsold. Some of the completed residential project with planning approval but remained unsold were 57 @ Kovan, La Dolce Vita, One Rosyth and Summer Scent.

12.0 BASIS OF VALUATION

Our valuations are made on the basis of Market Value, defined by the IVS as follows:

“Market Value is the estimated amount for which a Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.”

We have adopted the residual approach to determine the value of the land based on leasehold basis.

Residual Approach

This method entails the determination of the gross development value (GDV) of the subject development from which the developer’s profit, marketing/legal fees, construction cost, financing cost, GST, professional fees, holding cost for the land, stamp duties and legal fees for the land and property tax are deducted to arrive at the residual land value.

We have taken into consideration that the apartment units in the development were not sold and the assumptions for our valuation are as follows:

RESIDENTIAL

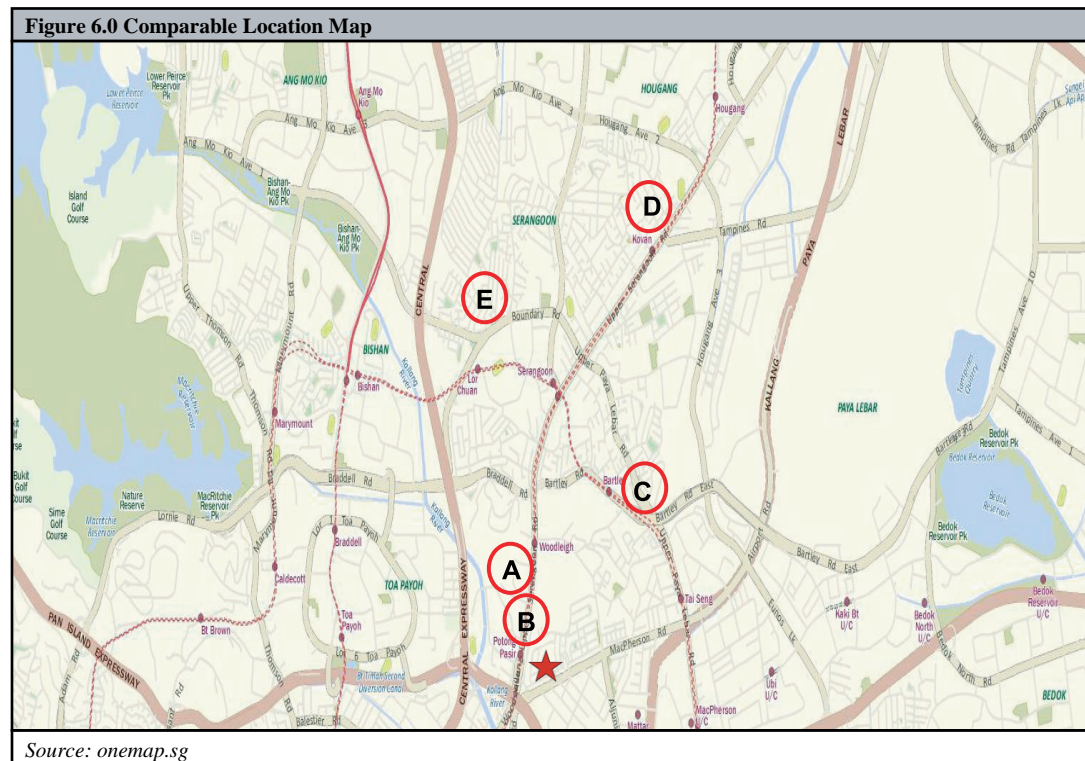
Net Saleable Floor Area	17,836.40 sq.m. (191,991 sq.ft.)
No of units	214
Gross Development Value	S\$250,000,000/-
PSM/PSF	S\$13,993 psm (S\$1300 psf)
Marketing/Legal Fees	1.5%
Building Cost	S\$3,251 psm (S\$302 psf)
Professional Fees	7.0%
Finance Cost	3.0%
GST	7.0%
Building Period	2.5 years
Planning Permission	0.5 year
Profit	S\$24,958,830/- (10%)
Property Tax	10%

In addition, we have incorporated the following information in our valuation:

Main contract sum	:	S\$59,948,710/-
Value of work done (as at 1 February 2013 according to Interim Payment Certificate No. 1)	:	S\$976,140.06/-

Comparables

S/No	Name of Development	Floor Area Range	Unit Price Range	Transaction Period
A	8 @ Woodleigh	37 sq.m. to 154 sq.m. (398 sq.ft. to 1,658 sq.ft.)	S\$10,281 psm to S\$18,108 psm (S\$955 psf to S\$1,682 psf)	2012 to 2013
B	Nin Residence	44 sq.m. to 230 sq.m. (474 sq.ft. to 2,476 sq.ft.)	S\$8,087 psm to S\$14,477 psm (S\$751 psf to S\$1,345 psf)	2012 to 2013
C	Bartley Residences	43 sq.m. to 209 sq.m. (463 sq.ft. to 2,250 sq.ft.)	S\$10,853 psm to S\$16,116 psm (S\$1,008 psf to S\$1,497 psf)	2012 to 2013
D	Kovan Regency	47 sq.m. to 210 sq.m. (506 sq.ft. to 2,260 sq.ft.)	S\$11,323 psm to S\$16,298 psm (S\$1,052 psf to S\$1,514 psf)	2012 to 2013
E	Cardiff Residence	37 sq.m. to 188 sq.m. (398 sq.ft. to 2,024 sq.ft.)	S\$8,690 psm to S\$15,385 psm (S\$807 psf to S\$1,429 psf)	2012 to 2013



Comparable A	Comparable B	Comparable C	Comparable D	Comparable E
2 – 8 Woodleigh Close 8 @ Woodleigh	83 and 85 Pheng Geck Avenue Nin Residence	1/3/5/7/1A/3A/5A/7A Lorong How Sun Bartley Residences	2 to 42 Kovan Road Kovan Regency	101 and 103 Cardiff Grove Cardiff Residence
Facts:	Facts:	Facts:	Facts:	Facts:
<ul style="list-style-type: none"> • Under-construction. • 330 units of apartment and penthouse. • 3 blocks of 15-storey residential buildings. • Facilities to be provided will include lap pool, dip pool with jacuzzi, lounge pool/floating bar, wading/children’s fun pool, tennis court, children’s play area, function room, gymnasium and steam room/changing room, entertainment pavilion, spa lounge, reading room, BBQ area, foot reflexology area and outdoor fitness area. 	<ul style="list-style-type: none"> • Under-construction. • 219 units of apartment and penthouse. • 1 block of 5-storey and 1 block of 19-storey residential buildings with basement carparks. • Facilities to be provided will include recreational pool, floating sun deck, kids pool with jet play area, spa alcove, lap pool, BBQ pit and clubhouse with gymnasium, function room, outdoor dining lounge, changing rooms with steam room. 	<ul style="list-style-type: none"> • Under-construction. • 702 units of apartment and penthouse. • 8 blocks of 14 to 18-storey residential buildings. • Facilities to be provided will include lap pool, kid’s pool area with splash pool, hammock pods, BBQ pavilions, picnic lawn, dining pavilion, reading pavilion, clubhouse, gymnasium, children’s play area, tennis court, adult fitness corner, yoga deck, fern courtyard with tea pavilion, zen courtyard with meditation pavilion and reflective pools. 	<ul style="list-style-type: none"> • Under-construction. • 378 units of apartment and penthouse and 15 townhouses. • 6 blocks of 15-storey residential buildings. • Facilities to be provided will include lap pool, children’s pool, water jet platform, spa pool, reflecting pool, clubhouse with function room and gymnasium, children’s playground, outdoor fitness station, BBQ garden, seating alcove, reading corner, chess corner, sunning lawn, tree grove and trellis. 	<ul style="list-style-type: none"> • Under-construction. • 163 units. • 2 blocks of 5-storey residential development with attic, open roof terrace, swimming pool and surface carpark. • Facilities to be provided will include swimming pool, pool side lounge, wading pool, function room, sauna room, indoor gymnasium, sunbathing deck, BBQ area, children’s playground and fitness green.
Subject vs Comparable A	Subject vs Comparable B	Subject vs Comparable C	Subject vs Comparable D	Subject vs Comparable E
<ul style="list-style-type: none"> • Location: Similar in term of location. • Quality of Finishes: Assume similar quality. • Facilities: Assume both enjoy similar facilities. 	<ul style="list-style-type: none"> • Location: Similar in term of location. • Quality of Finishes: Assume similar quality. • Facilities Assume both enjoy similar facilities. 	<ul style="list-style-type: none"> • Location: Similar in term of location. • Quality of Finishes: Assume similar quality. • Facilities: Assume both enjoy similar facilities. 	<ul style="list-style-type: none"> • Location: Similar in term of location. • Quality of Finishes: Assume similar quality. • Facilities: Assume both enjoy similar facilities. 	<ul style="list-style-type: none"> • Location: Subject development is located at a better location. • Quality of Finishes: Assume similar quality. • Facilities Assume both enjoy similar facilities.

Direct Comparison Approach

Our valuation is based on direct comparison with transactions of comparable properties within the vicinity and elsewhere.

Comparables

Location	Site Area	Proposed Gross Floor Area	Consideration	Price Per Plot Ratio	Tenure	Transaction Date
Ang Mo Kio Avenue 2	18,482.2 sq.m. (198,942 sq.ft.)	64,688 sq.m. (696,302 sq.ft.)	S\$550,000,048/-	S\$8,502 psm/pr (S\$790 psf/pr)	99 Years	January 2013
Bishan Street 14	11,227.8 sq.m. (120,856 sq.ft.)	55,016.22 sq.m. (592,195 sq.ft.)	S\$505,100,000/-	S\$9,181 psm/pr (S\$853 psf/pr)	99 Years	December 2012
Tai Thong Crescent (Parcel C)	8,200.3 sq.m. (88,268 sq.ft.)	28,702 sq.m. (308,948 sq.ft.)	S\$245,000,000/-	S\$8,536 psm/pr (S\$793 psf/pr)	99 Years	September 2012
Bright Hill Drive	13,437.10 sq.m. (144,637 sq.ft.)	37,623.88 sq.m. (404,983 sq.ft.)	S\$291,500,000/-	S\$7,748 psm/pr (S\$720 psf/pr)	99 Years	August 2012

In arriving at our valuation figure, we have taken into consideration the prevailing market conditions and have made due adjustments for differences between the Property and the comparables in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting their values.

13.0 VALUATION – AS AT 25 MARCH 2013

Having regard to all relevant information, we are of the opinion the market value of the Property with written permission granted for the approved erection of a condominium housing development comprising 1 block of 19-storey apartments (Total: 175 units) and part 4/part 5-storey row houses (Total: 39 units) with open roof terraces, 2 common basement car parks and communal facilities, with vacant possession and free from all encumbrances, is S\$131,500,000/- (Singapore Dollars One Hundred Thirty-One Million And Five Hundred Thousand).

The market value does not take into consideration the differential premium of S\$6,846,007/- which had already been paid to Singapore Land Authority on 6 March 2013.

13.1 RECOMMENDATION/COMMENTS

We are further of the opinion that the gross development value of the proposed condominium development, assuming it is satisfactorily completed on the date of valuation, with vacant possession and free from all encumbrances is S\$250,000,000/- (Singapore Dollars Two Hundred And Fifty Million).

Report

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the stated use only of Courage Marine Group Limited and no responsibility is accepted to any third party for the whole or any part of its contents.

Remarks

We declare hereby that we are independent to the Group and we are not interested directly or indirectly in any shares in any member of the Group. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

Unless otherwise stated, all monetary amounts stated herein are in the currency of Singapore Dollars (SGD), the lawful currency of the Republic of Singapore.

A summary of our gross development value and market value, the certificate and relevant appendices are attached hereto.

Tan Keng Chiam

B.Sc. (Est. Mgt.) MSISV

AD041-2004796D

*Regional Director***JONES LANG LASALLE****Yee Yeh Shiunn**

B.Sc. (Land Mgt.) (Hons.) MSISV

AD041-2006553D

*National Director***JONES LANG LASALLE**

Note: Mr Tan Keng Chiam and Yee Yeh Shiunn are both Singapore Licensed Appraisers and members of Singapore Institute of Surveyors and Valuers with over 22 years and 18 years valuation experience on properties respectively.

VALUATION SUMMARY

Address of Property	:	Land known as Lot 10335T Mukim 17 located at 1 Pheng Geck Avenue Sant Ritz Singapore 348196
Registered Proprietor	:	Santarli Realty Pte Ltd.
Legal Description	:	Lot 10335T Mukim 17
Site Area	:	4,850.5 sq.m. (52,211 sq.ft.)
Tenure	:	99 years lease commencing from 1 October, 2012.
Brief Description of Property	:	The Property comprises an almost rectangular shaped plot of land with splayed corners. It is bounded by Upper Serangoon Road, Tai Thong Crescent and Pheng Geck Avenue, with a frontage of about 105 m onto Upper Serangoon Road and a depth of about 50 m. It is generally flat and at the existing road level.
Proposed Development	:	The proposed development, Sant Ritz, upon completion, will comprise of 175 units of apartments housed within a 19-storey tower block and 39 units of houses housed within a part 4/part 5-storey row houses.
Proposed Gross Floor Area	:	Approximately 18,674.7 sq.m. (201,014 sq.ft.) – including balconies
Proposed Net Saleable Floor Area	:	Approximately 17,836.4 sq.m. (191,991 sq.ft.)
Master Plan Zoning (2008 Edition)	:	Residential with a plot ratio of 3.5 with a bonus plot ratio of 10% for balconies, private enclosed spaces and roof terraces.
Planning Application	:	Grant of Written Permission was granted on 23 January 2013 vide Urban Redevelopment Authority of Singapore (URA) reference number ES20120731R0211 for the proposed condominium housing development comprising 1 block of 19-storey apartments (Total: 175 units) and part 4/part 5-storey row houses (Total: 39 units) with open roof terraces, 2 common basement carparks and communal facilities.

The approved total gross floor area is 18,674.70 sq.m. (201,014 sq.ft.) (main building GFA of 16,977 sq.m. (182,740 sq.ft.) and balcony GFA of 1,697.7 sq.m. (18,274 sq.ft.)). The overall plot ratio is 3.85 (gross).

Proposed Gross Plot Ratio	:	3.85 (including balconies)
Market Value [^]	:	S\$131,500,000/-
Gross Development Value	:	S\$250,000,000/- (assuming it is satisfactorily completed on the date of valuation)

[^] Market Value of the Property as a proposed residential development site and with written permission granted for the approved erection of a condominium housing development comprising 1 block of 19-storey apartment (Total: 175 units) and part 4/part 5-storey row houses (Total: 39 units) with open roof terraces, 2 common basement carpark and communal facilities.

The market value does not take into consideration the differential premium of S\$6,846,007/- which had already been paid to Singapore Land Authority on 6 March 2013.

Tan Keng Chiam

B.Sc. (Est. Mgt.) MSISV
AD041-2004796D
Regional Director
JONES LANG LASALLE

Yee Yeh Shiunn

B.Sc. (Land Mgt.) (Hons.) MSISV
AD041-2006553D
National Director
JONES LANG LASALLE

GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

These are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report.

1) VALUATION STANDARDS

All work are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS), subject to variations to meet local laws, customs, practices and market conditions.

2) VALUATION BASIS

Our valuations are made on the basis of Market Value, defined by the SISV as follows:

“Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.”

3) CONFIDENTIALITY

Our Valuations and Reports are confidential to the party to whom they are addressed or their other professional advisors for the specific purpose(s) to which they refer. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which they will appear.

4) SOURCE OF INFORMATION

Where it is stated in the report that information has been supplied by the sources listed, this information is believed to be reliable and we shall not be responsible for its accuracy nor make any warranty or representation of the accuracy of the information. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with the relevant authorities.

5) DOCUMENTATION

We do not normally read leases or documents of title and, where appropriate, we recommend that lawyer’s advice on these aspects should be obtained. We assume, unless informed to the contrary, that all documentation is satisfactorily drawn and that good title can be shown and there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have an effect on the value of the interest under consideration.

6) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plans (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

7) TENANTS

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

8) STRUCTURAL SURVEYS

We have not carried out a building survey nor any testing of services, nor have we inspected those parts of the property which are inaccessible. We cannot express an opinion about or advise upon the condition of uninspected parts and this Report should not be taken as making any implied representation or statement about such parts. Whilst any defects or items of disrepair are noted during the course of inspection, we are not able to give any assurance in respect of rot, termite or past infestation or other hidden defects.

9) SITE CONDITIONS

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

10) OUTSTANDING DEBTS

In the case of buildings where works are in hand or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

11) INSURANCE VALUE

Our opinion of the insurance value is our assessment of the reinstatement cost for insurance purpose and it comprises the total cost of completely rebuilding the property to be insured, together with allowances for inflation, demolition and debris removal, professional fees, the prevailing G.S.T. (goods and services tax) and, if applicable, compliance with current regulations and by-laws.

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1. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or prepared to enter into, a service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

2. COMPETING BUSINESS

As at the Latest Practicable date, the following Director is considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group, as defined in the HK Listing Rules, as set out below:

- (a) Mr. Hsu Chih-Chien, chairman and non-executive Director of the Company, and his family have been carrying on vessel chartering business (in addition to those of the Group's) through a fleet of vessels. The said vessels are owned by Mr. Hsu's family, through a series of ship owning companies ("**Hsu Companies**"). Hsu Companies principally engage in the provision of vessel chartering services and may compete with the business of the Group.

Save for Mr. Hsu, the management of the Hsu Companies is entirely independent and separate from the management of the Group. Mr. Hsu does not participate in the day-to-day management or operations of both Hsu Companies and the Group. The marketing function, including promotion and charter terms negotiation, is delegated to other Directors and senior management, and hence Mr. Hsu have little scope in influencing the decision of the Group's charterers and transfer value from the Group to the Hsu Companies.

Furthermore, as disclosed in the Listing Document of the Company, Mr. Hsu has given two undertakings in respect of preventing any conflict of interest between the Hsu Companies and the Group.

Having taken into account the above, the Group operates its businesses independently of and at arm's length from, the businesses of the Hsu Companies.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or supervisors of the Company nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

3. DIRECTORS' INTEREST IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 December 2012 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

There is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group, except that Mr. Chang Shun-Chi, who is a non-executive Director of the Company, is interested in a

brokerage agreement dated 19 September 2012 entered into between Courage Marine (Holdings) Co., Limited, an indirect wholly-owned subsidiary of the Company and Maxmart Shipping & Trading Co., Ltd (“Maxmart”). Mr. Chang is a director and the sole shareholder of Maxmart.

4. LITIGATION

As at the Latest Practicable Date, none of the members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest audited financial statements of the Company were made up.

6. EXPERTS

- (a) The following is the qualification of the experts (the “Experts”) who have given opinions or advices which are contained in this Circular:–

Name	Qualification
Altus Capital Limited	a licensed corporation under the SFO to conduct type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
Deloitte & Touche LLP	Certified public accountants
Deloitte Touche Tohmatsu	Certified public accountants
Jones Lang LaSalle	Independent property valuers

- (b) As at the Latest Practicable Date, none of the Experts has any shareholding, directly or indirectly, in the Company and/or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, each of the Experts has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter, statements and references to its name in the form and context in which they are included. Such letter and statements from the Experts are given as of the date of this Circular for incorporation herein.

- (d) As at the Latest Practicable Date, none of the Experts has any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, nor which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, the date to which the latest published audited financial statements of the Company were made up.

7. MATERIAL CONTRACTS

Save as disclosed below, no material contracts (not being contracts entered into in the ordinary course of business carried out by the Group) have been entered into by any member of the Group within the two years immediately preceding the date of this Circular:–

- (a) a third supplemental agreement dated 31 January 2013 of the sale and purchase agreement (the “**AIC-SP Agreement**”) dated 14 October 2010 entered into between Courage-New Amego Shipping Corp. (“**Courage Amego**”) (an indirect wholly-owned subsidiary of the Company) as vendor and Mr. Jason Chang as purchaser in relation to the disposal of the entire issued share capital of Airline Investment Corp. in consideration of approximately US\$3.8 million as supplemented by a confirmation dated 24 February 2011, a first supplemental agreement dated 22 March 2011 and a second supplemental agreement dated 18 May 2012 entered into between Courage Amego and Mr. Jason Chang to supplement the AIC-SP Agreement;
- (b) a second supplemental property transfer agreement dated 31 January 2013 of the share purchase agreement (the “**Share Purchase Agreement**”) dated 18 May 2012 entered into between 上海悦嘉金屬工業有限公司 (“**上海悦嘉**”), 上海悦勇投資管理有限公司 (“**上海悦勇**”) and 上海吉進管理諮詢有限公司, (“**Shanghai Ji Jin**”) (an indirect wholly-owned subsidiary of the Company) in relation to the purchase of property in the PRC as supplemented by a first supplemental property transfer agreement dated 18 May 2012 entered into by 上海悦嘉, 上海悦勇 and Shanghai Ji Jin to supplement the Property Transfer Agreement;
- (c) a memorandum of agreement dated 31 January 2013 entered into between Courage Marine (Holdings) Co., Ltd. (an indirect wholly-owned subsidiary of the Company) as purchaser and Dong-A Tanker Corporation as vendor relating to the acquisition of a vessel, M/V Dong-A Saturn;
- (d) a memorandum of agreement dated 24 September 2012 entered into between Maritime Delivery Inc. as purchaser and Panamax Leader Marine Corp. (an indirect wholly-owned subsidiary of the Company) as vendor relating to the disposal of a vessel, M/V Panamax Leader;
- (e) a memorandum of agreement dated 7 August 2012 entered into between Cape Ore Marine Corp. (“**Cape Ore**”) (an indirect wholly-owned subsidiary of the Company) as purchaser and China Partners Shipping Limited as vendor relating to the acquisition of a vessel, M/V China Act;
- (f) a memorandum of agreement dated 3 May 2012 entered into between Giant Power Group Limited as purchaser and Cape Ore as vendor relating to the disposal of a vessel, M/V Cape Warrior;

- (g) a memorandum of agreement dated 5 April 2012 entered into between Regal Pacific Industries Limited as purchaser and Sea Valour Marine Corp. (an indirect wholly-owned subsidiary of the Company) as vendor relating to the disposal of a vessel, M/V Valour;
- (h) a memorandum of agreement dated 13 June 2012 entered into between Capital Crown Resources Limited as purchaser and Courage Marine Co. Ltd. (a indirect wholly-owned subsidiary of the Company) as vendor relating to the disposal of a vessel, M/V Courage;
- (i) a memorandum of agreement dated 18 January 2012 entered into between Long Hill Capital Ltd. as purchaser and Raffles Marine Corp. (an indirect wholly-owned subsidiary of the Company) as vendor relating to the disposal of a vessel, M/V Raffles;
- (j) a memorandum of agreement dated 21 December 2011 entered into between Pacific Goal Investments Limited as purchaser and Sea Pioneer Marine Corp. (an indirect wholly-owned subsidiary of the Company) as vendor relating to the disposal of a vessel, M/V Sea Pioneer;
- (k) a memorandum of agreement dated 17 November 2011 entered into between Asiafar Int'l Inc. as purchaser and Bravery Marine Holdings Inc. (an indirect wholly-owned subsidiary) as vendor relating to the disposal of a vessel, M/V Bravery;
- (l) a memorandum of agreement dated 14 November 2011 entered into between Zorina Navigation Corp. (an indirect wholly-owned subsidiary of the Company) as purchaser and Zhejiang Zengzhou Ship Building Co., Ltd as vendor relating to the acquisition of supermax newbuilding vessel of approximately 57,000 dwt;
- (m) a memorandum of agreement dated 24 October 2011 entered into between Heroic Marine Corp. (“**Heroic Marine**”) (an indirect wholly-owned subsidiary of the Company) as purchaser and Zhejiang Zengzhou Ship Building Co., Ltd as vendor relating to the acquisition of a supermax newbuilding vessel of approximately 57,000 dwt; and
- (n) a memorandum of agreement dated 16 August 2011 entered into between Maritime Delivery Inc. as purchaser and Heroic Marine as vendor relating to the disposal of a vessel, M/V Heroic.

8. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business of the Company is at Suite 1801, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.
- (c) The share registrars of the Company are (1) Unit Trust/Share Registration, Boardroom Corporate & Advisory Services Pte. Ltd (a member of the Boardroom Limited), 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; and (2) Tricor Investor Services Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.

- (d) The joint company secretaries of the Company are Mr. Hon Kwok Ping Lawrence and Ms. Lee Pih Peng. Mr. Hon is a professional accountant who is the Group's Director of Finance and is in charge of the Group's finance and accounting controls and Ms. Lee is a practising Advocate and Solicitor in Singapore and is qualified to practise as a Solicitor in England and Wales, and as an Attorney-at-Law in New York.

NOTICE OF SPECIAL GENERAL MEETING



COURAGE MARINE GROUP LIMITED

勇利航業集團有限公司

(Incorporated in Bermuda)

(Company Registration No. 36692)

(Hong Kong Stock Code: 1145)

(Singapore Stock Code: E91.SI)

NOTICE IS HEREBY GIVEN that a **SPECIAL GENERAL MEETING** of Courage Marine Group Limited (the “**Company**”) will be held at 4 Robinson Road #04-01, The House of Eden, Singapore 048543 on 16 July 2013 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendment(s), the following resolutions as ordinary resolutions.

Unless herein defined, all terms defined in this Notice of Special General Meeting shall have the same meanings as those defined or construed in the Circular dated 25 June 2013 issued by the Company to Shareholders.

ORDINARY RESOLUTION 1^(A) – THE INVESTMENT IN 10% EQUITY INTEREST OF SANTARLI REALTY PTE. LTD. BY COURAGE MARINE OVERSEAS LTD. AS A MAJOR TRANSACTION UNDER THE SGX-ST LISTING MANUAL AND A MAJOR AND CONNECTED TRANSACTION UNDER THE HK LISTING RULES

That:

- (a) pursuant to Chapter 10 of the SGX-ST Listing Manual, approval be and is hereby given for CM Overseas to make the Proposed Acquisition and the Proposed Investment on the terms and conditions of the Share Purchase Agreement and the Amended and Restated JVA, which constitutes a major transaction under Chapter 10 of the SGX-ST Listing Manual;
- (b) pursuant to Chapter 14 and Chapter 14A of the HK Listing Rules, approval be and is hereby given for CM Overseas to make the Proposed Acquisition and the Proposed Investment on the terms and conditions of the Share Purchase Agreement and the Amended and Restated JVA, which constitutes a major and connected transaction under Chapter 14 and Chapter 14A of the HK Listing Rules; and
- (c) any of the Directors of the Company be and is hereby authorised to complete and do all such acts and things, including, without limitation, to execute all such documents as may be required (provided all such acts and things and all such documents are of an administrative nature and ancillary to the implementation of the Proposed Acquisition and the Proposed Investment) and to approve any amendments, alterations and modifications to any documents (provided such amendments, alterations and modifications are clerical and administrative amendments or otherwise of an administrative nature and subject to compliance with HK Listing Rules and the

NOTICE OF SPECIAL GENERAL MEETING

SGX-ST Listing Manual) as they or he may consider desirable, expedient or necessary to give effect to the Proposed Acquisition, the Proposed Investment and/or the transactions contemplated by this Ordinary Resolution (provided such transactions are ancillary to the Proposed Acquisition and the Proposed Investment and of an administrative nature).

^(A) to be approved by Shareholders other than Mr. Chen Shin-Yung and his associates

ORDINARY RESOLUTION 2 – THE DIVERSIFICATION INTO THE PROPOSED PROPERTY INVESTMENT BUSINESS

That approval be and is hereby given for the proposed diversification of the Company's business into the Proposed Property Investment Business, and pursuant thereto, for the Group to carry on business undertaken or to be undertaken under the Proposed Property Investment Business and all other businesses reasonably incidental or ancillary thereto, a part of the Group's ordinary course of business subject to compliance with HK Listing Rules and the SGX-ST Listing Manual.

By Order of the Board
LEE PIH PENG
Company Secretary

Singapore and Hong Kong, 25 June 2013

Notes:

1. A Shareholder Proxy Form (for Singapore Shareholders), a HK Proxy Form (for Hong Kong Shareholders) or a Depositor Proxy Form (for Depositors) is enclosed herewith.
2. A Shareholder entitled to attend and vote at the Special General Meeting is entitled to appoint no more than two proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder of the Company.
3. A Shareholder in Singapore who wishes to appoint a proxy should complete the attached Shareholder Proxy Form. Thereafter, the Shareholder Proxy Form must be lodged at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the Special General Meeting.
4. A Shareholder in Hong Kong who wishes to appoint a proxy should complete the attached HK Proxy Form. Thereafter, the HK Proxy Form must be lodged at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the Special General Meeting.
5. A Depositor whose name appears in the Depository Register (as defined in Section 130A of the Singapore Companies Act) and who is unable to attend personally but wishes to appoint a nominee to attend and vote on his behalf, or if such Depositor is a corporation, should complete the attached Depositor Proxy Form and lodge the same at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than forty-eight (48) hours before the time appointed for the Special General Meeting.
6. Where a Shareholder appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified.

NOTICE OF SPECIAL GENERAL MEETING

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or by his/her attorney duly authorised in writing. If a Shareholder or Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
8. Completion and return of the Shareholder Proxy Form, the HK Proxy Form or the Depositor Proxy Form will not preclude members from attending and voting in person at the meeting or at any adjournment thereof (as the case may be) should they so wish, and in such event, such proxy form shall be deemed to be revoked.
9. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

Please be on time to avoid disrupting the Special General Meeting which will commence sharply at 2:00 p.m. on 16 July 2013.