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## HISTORY AND DEVELOPMENT

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#### The Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 April 2010 in anticipation of the Listing. The Group is principally engaged in chartering of the Group's own vessels under time charters for transportation of dry bulk cargoes for its customers. One of the Group's four vessels, GREAT HARVEST, is currently under a finance lease arrangement as more particularly described in the section headed "Business — Business of the Group — Fleet composition" in this prospectus and is expected to be delivered to the Independent Third Party purchaser in December 2013.

#### Origin of the Group

Since the early 2000s, Mr. Yan and Ms. Lam had been participating in the import of iron ores from overseas to China. Such participation in the mining industry had enhanced their close relationship with a number of shipping companies for the transport of the iron ores.

In or about early 2000s, Mr. Yan and Ms. Lam commenced their marine transportation business with a view initially to support and complement their personal iron ore trading businesses. They did not own any vessels at that time and they operated their marine transportation business for their own in-house iron ore trading business through chartering directly from ship owners.

In view of the booming marine transportation industry and in order to further lower the costs associated with the Group's marine transportation business, the Group acquired its first vessel, GREAT HARVEST, through Greater Shipping in April 2004 and had become the registered owner of the vessel and also commenced its dry bulk cargo shipping business in May 2004. The Group then continued to develop and expand its marine transportation business by purchasing three more vessels between 2005 and 2008 through its three other Operating Subsidiaries.

Currently, the Group owns four vessels which were acquired through the following Operating Subsidiaries:

- (i) Greater Shipping acquired the vessel GREAT HARVEST from a company in the Republic of Cyprus, an Independent Third Party, at a consideration of about US\$18.6 million in April 2004 and became its registered owner in May 2004;
- (ii) Joy Ocean acquired the vessel GH FORTUNE from a company in the Republic of Cyprus, an Independent Third Party, at a consideration of about US\$42.8 million and became its registered owner in March 2005;
- (iii) Great Ocean acquired the vessel GH RESOURCES from a company in the BVI, an Independent Third Party at a consideration of about US\$43.4 million and became its registered owner in March 2007; and

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- (iv) Bryance Group acquired the vessel GH POWER from a company in the Republic of the Marshall Islands, an Independent Third Party, at a consideration of about US\$66.3 million in January 2008 and became its registered owner in February 2008.

The acquisitions of all of the Group's vessels were financed and funded out of its internal resources, advances from Directors and/or bank borrowings.

Through Union Apex, the Group handles all the administrative works for the operation and commercial activities of the Group. Before Union Apex assumed the role as the ship owner's agent for the Group in June 2010, Million Miles handled all such administrative works for, and acts on behalf of, the four Operating Subsidiaries. However, as part of the Reorganisation to streamline the operation of the Group and to eliminate all unnecessary connected transaction between Million Miles and the Group and to ensure that the Group can operate independently, the Group terminated all the agency agreements entered into between Million Miles and each of Greater Shipping, Joy Ocean, Great Ocean and Bryance Group on 9 June 2010. Four new agency agreements were entered into between Union Apex and each of Greater Shipping, Joy Ocean, Great Ocean and Bryance Group on 10 June 2010. Union Apex started to assume the works of Million Miles for the Group from June 2010. Further, the employment contracts of the then existing employees of Million Miles, including Mr. Cao Jiancheng, being one of the executive Directors, and other key employees (including Mr. Sung Lik Man, a member of the senior management of the Group) with Million Miles were terminated on 10 June 2010. New employment contracts were entered into between the then employees of Million Miles with Union Apex on 10 June 2010. As Union Apex is managed and operated by the same management of Million Miles, the Directors believe that the Group has the capability and experience to take up the roles and responsibilities of a ship owner's agent since 10 June 2010. After such Reorganisation, Million Miles ceased carrying any business operations for the Group and there is now a clear delineation of the businesses between Million Miles and that of the Group.

### **The Structure of the Operating Subsidiaries before the Reorganisation**

Apart from Union Apex which is in charge of the administrative works for the operation and commercial activities of the Operating Subsidiaries, the marine transportation business of the Group is operated through the other four wholly-owned Operating Subsidiaries. The following sets forth the corporate development of each member of the Group since their respective dates of incorporation.

#### **Greater Shipping**

Greater Shipping was incorporated in the BVI as an international business company on 31 May 2002. On the date of incorporation, 5,000 ordinary shares of US\$1.00 each in Greater Shipping were issued and allotted to each of Mr. Yan and Ms. Lam. Since then and prior to the Reorganisation, Greater Shipping was held by Mr. Yan and Ms. Lam under the above structure.

Greater Shipping was registered under Part XI of the Companies Ordinance on 12 March 2004 and is the registered owner of the vessel "GREAT HARVEST".

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### **Joy Ocean**

Joy Ocean was incorporated in the BVI as an international business company on 21 October 2004. On the date of incorporation, 5,100 and 4,900 ordinary shares of US\$1.00 each in Joy Ocean were issued and allotted to each of Mr. Yan and Ms. Lam respectively. On 30 June 2008, Mr. Yan and Ms. Lam transferred 5,100 and 4,900 ordinary shares of US\$1.00 each in Joy Ocean to GH International respectively. Since then and before the Reorganisation, Joy Ocean was a wholly owned-subsiary of GH International.

Joy Ocean was registered under Part XI of the Companies Ordinance on 15 February 2005 and is the registered owner of the vessel “GH FORTUNE”.

### **Great Ocean**

Great Ocean was incorporated in the BVI as a BVI business company on 29 September 2006. On the date of incorporation, 5,100 and 4,900 ordinary shares of no par value in Great Ocean were issued and allotted to Mr. Yan and Ms. Lam respectively. On 30 June 2008, the 5,100 and 4,900 ordinary shares of no par value in Great Ocean respectively held by Mr. Yan and Ms. Lam were all transferred to GH international. Since then and prior to the Reorganisation, Great Ocean was a wholly-owned subsidiary of GH International.

Great Ocean was registered under Part XI of the Companies Ordinance on 7 February 2007 and is the registered owner of the vessel “GH RESOURCES”.

### **Bryance Group**

Bryance Group was incorporated in the BVI as a BVI business company on 28 September 2006. On 10 November 2006, one ordinary share of US\$1.00 each in Bryance Group was issued and allotted to Ms. Lam. On 8 November 2007, 4,899 ordinary shares and 5,100 ordinary shares of US\$1.00 each in Bryance Group were issued and allotted to Ms. Lam and Mr. Yan respectively. The 10,000 ordinary shares of US\$1.00 each held by Ms. Lam and Mr. Yan in aggregate, were later transferred to GH International on 30 June 2008. Since then and prior to the Reorganisation, Bryance Group was a wholly-owned subsidiary of GH International.

Bryance Group was registered under Part XI of the Companies Ordinance on 10 May 2007 and is the registered owner of the vessel “GH POWER”.

### **Union Apex**

Union Apex was incorporated in Hong Kong as a limited liability company on 2 December 2009. On the date of incorporation, one ordinary share of HK\$1.00 was issued and allotted to Company Kit Secretarial Services Limited, the subscriber of Union Apex. Such ordinary share was later transferred to Ms. Lam at par on 21 January 2010. On 29 April 2010, 24,499 and 25,500 ordinary shares of HK\$1.00 each in Union Apex were issued and allotted to Ms. Lam and Mr. Yan respectively. On 24 May 2010, Mr. Yan and Ms. Lam transferred the entire issued share capital in Union Apex to GH International. Since then and before the Reorganisation, Union Apex was wholly-owned by GH International.

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Union Apex is engaged in the administrative works for all the operation and commercial activities of the other four Operating Subsidiaries.

### REORGANISATION

In preparation for the Listing, the companies in the Group underwent certain reorganisation steps which are set out below:

#### **1. Issue and allotment of shares in Ablaze Rich**

Ablaze Rich, which is the holding company of the Company, was incorporated in the BVI on 1 July 2008. On 27 November 2008, 10,000 shares of US\$1.00 each were issued and allotted to Ms. Lam. On 7 April 2010, 200 ordinary shares of US\$1.00 each in Ablaze Rich were transferred by Ms. Lam to Mr. Yan for a consideration of US\$200, and 10,000 shares of US\$1.00 each were issued and allotted to Mr. Yan at par. After the above transfer and allotment of shares, Ablaze Rich was held by Ms. Lam and Mr. Yan as to 49% and 51% respectively.

#### **2. Establishment of the Company**

The Company was incorporated in the Cayman Islands on 21 April 2010 and is the holding company of the Group. As of the date of its incorporation, the initial authorised share capital of the Company was HK\$380,000 divided into 38,000,000 Shares. On the date of incorporation, one subscriber Share was issued and allotted to the subscriber, which in turn transferred the subscriber Share to Ablaze Rich at nil consideration on the same date. On 13 September 2010, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$10,000,000 divided into 1,000,000,000 Shares.

#### **3. Transfer of the entire issued share capital in Union Apex from Mr. Yan and Ms. Lam to the Company**

On 24 May 2010, each of Mr. Yan and Ms. Lam transferred 51% and 49% of the entire issued share capital in Union Apex to GH International at par respectively. On 13 September 2010, GH International transferred the entire issued share capital in Union Apex to the Company for HK\$1.00, by reference to the net assets value of Union Apex as shown in its management accounts as at 31 July 2010 which is a negative figure.

The consideration was satisfied by the Company allotting and issuing an aggregate of 99 Shares to Ablaze Rich credited as fully paid at the direction of GH International.

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#### **4. Transfer of the entire issued share capital in Joy Ocean from GH International to the Company**

On 13 September 2010, GH International transferred the entire issued share capital in Joy Ocean to the Company for about US\$22.8 million, an amount of consideration equivalent to the net assets value of Joy Ocean as shown in its management accounts as at 31 July 2010.

The consideration was satisfied by the Company allotting and issuing an aggregate of 100 Shares to Ablaze Rich credited as fully paid at premium at the direction of GH International.

#### **5. Transfer of the entire issued share capital in Great Ocean from GH International to the Company**

On 13 September 2010, GH International transferred the entire issued share capital in Great Ocean to the Company for about US\$32.4 million, an amount of consideration equivalent to the net assets value of Great Ocean as shown in its management accounts as at 31 July 2010.

The consideration was satisfied by the Company allotting and issuing an aggregate of 100 Shares to Ablaze Rich credited as fully paid at premium at the direction of GH International.

#### **6. Transfer of the entire issued share capital in Bryce Group from GH International to the Company**

On 13 September 2010, GH International transferred the entire issued share capital in Bryce Group to the Company for about US\$5.7 million, an amount of consideration equivalent to the net assets value of Bryce Group as shown in its management accounts as at 31 July 2010.

The consideration was satisfied by the Company allotting and issuing an aggregate of 100 Shares to Ablaze Rich credited as fully paid at premium at the direction of GH International.

#### **7. Capitalisation of loan due from Greater Shipping to Mr. Yan and Ms. Lam**

On 13 September 2010, the loans due from Greater Shipping to Mr. Yan and Ms. Lam amounting to an aggregate of about US\$13.6 million were capitalised by Greater Shipping issuing and allotting one share of US\$1.00 in Greater Shipping to each of Mr. Yan and Ms. Lam, respectively.

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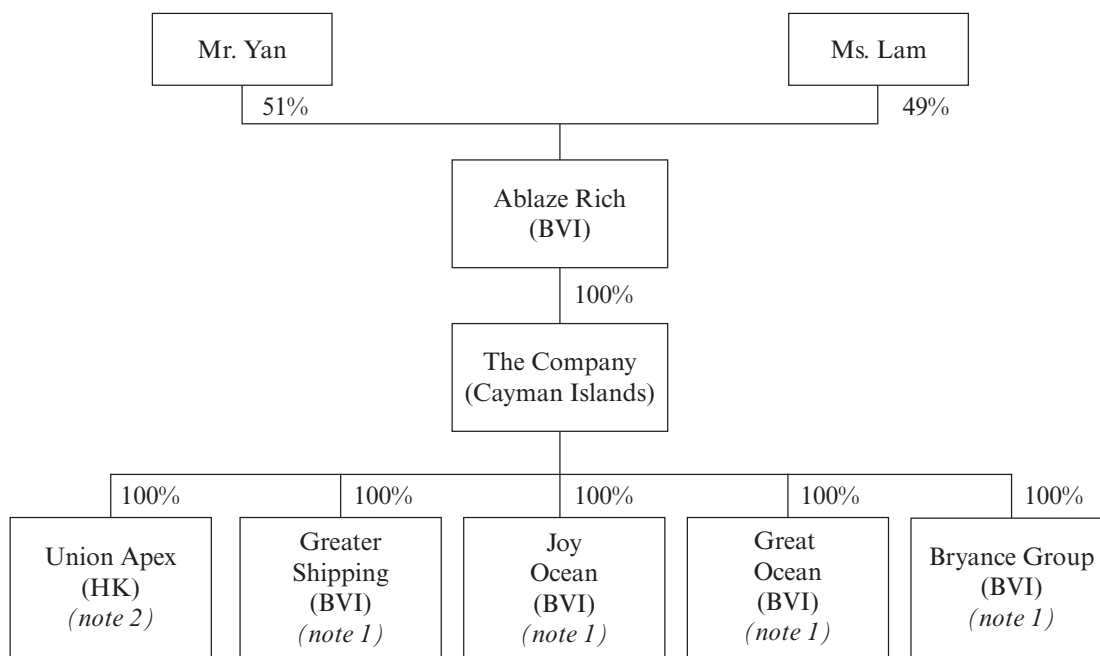
### 8. Transfer of the entire issued share capital in Greater Shipping from Mr. Yan and Ms. Lam to the Company

On 13 September 2010, each of Mr. Yan and Ms. Lam transferred 50% of the issued share capital in Greater Shipping to the Company in consideration of which the Company allotted and issued an aggregate of 100 Shares to Ablaze Rich credited as fully paid at premium at the direction of Mr. Yan and Ms. Lam.

As a result of the above reorganisation steps, each of Union Apex, Greater Shipping, Joy Ocean, Great Ocean and Bryce Group became a wholly-owned subsidiary of the Company and the Company was then wholly-owned by Ablaze Rich, a company owned as to 51% and 49% by Mr. Yan and Ms. Lam respectively.

### THE SHAREHOLDING AND CORPORATE STRUCTURE OF THE GROUP AS OF THE LATEST PRACTICABLE DATE AND IMMEDIATELY AFTER COMPLETION OF THE SHARE OFFER AND THE CAPITALISATION ISSUE

The following chart depicts the structure of the Group as at the Latest Practicable Date:



*Notes:*

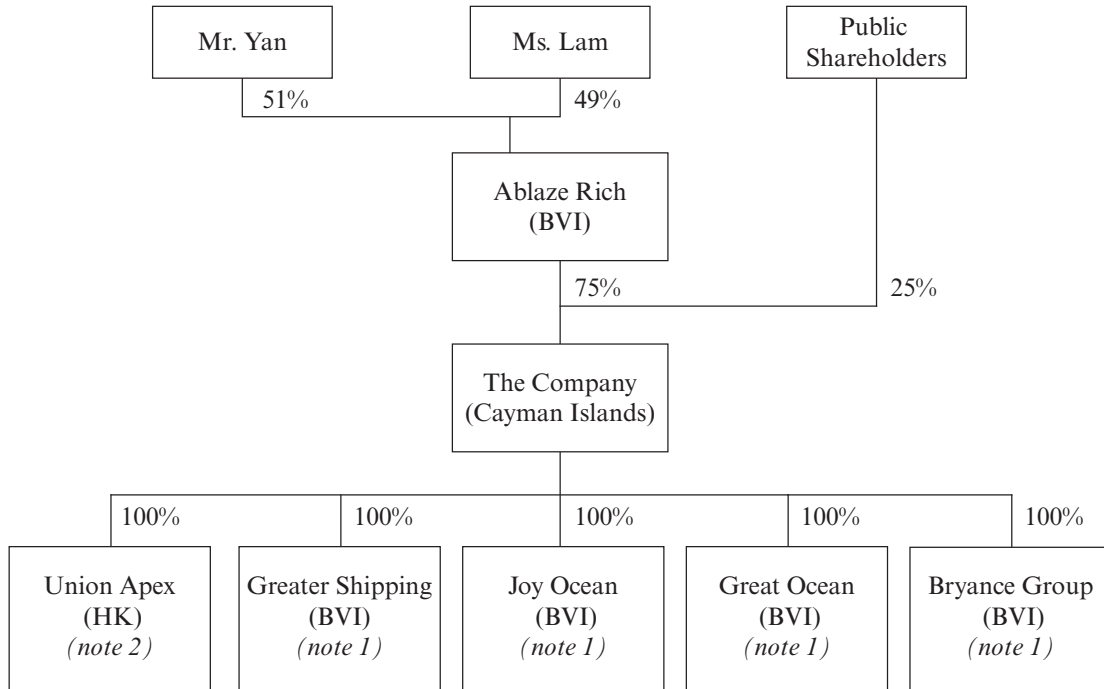
1. Greater Shipping, Joy Ocean, Great Ocean and Bryce Group are engaged in the business of chartering out the vessels owned by them respectively.
2. Union Apex, assuming the role as the agent for the Operating Subsidiaries, is engaged in the administrative works for the operation and commercial activities of them.

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The following chart depicts the structure of the Group following completion of the Share Offer and the Capitalisation Issue (assuming that the Over-allotment Option will not be exercised):



*Notes:*

1. Greater Shipping, Joy Ocean, Great Ocean and Bryce Group are engaged in the business of chartering out the vessels owned by them respectively.
2. Union Apex, assuming the role as the agent for the Operating Subsidiaries, is engaged in the administrative works for the operation and commercial activities of them.