
HISTORY AND DEVELOPMENT

OUR BUSINESS DEVELOPMENT

Our history can be traced back to the incorporation of Dragon Source by Mr. NG, our founder, in 1988. Upon the incorporation of Dragon Source, Dragon Source was principally engaged in the business of import and export of industrial chemical. Dragon Source's principal activity was changed to investment holding in 1995. Ningbo Haixiang Liquid Chemical Store Co., Ltd. (寧波海翔液體化工倉儲有限公司) was a joint venture entity approved by the relevant PRC authority in 1988 and owned by Dragon Source and Ningbo Port as to 60% and 40%, respectively. In 2003, upon the expiry of the operation term for Ningbo Haixiang Liquid Chemical Store Co., Ltd. (寧波海翔液體化工倉儲有限公司), Dragon Source and Ningbo Port formed Ningbo Xinxiang with assets being transferred from Ningbo Haixiang Liquid Chemical Store Co., Ltd. (寧波海翔液體化工倉儲有限公司) to Ningbo Xinxiang. In October 1993, Ningbo Ningxiang was established in Ningbo, the PRC with a registered capital of RMB12,250,000 by Ningbo Zhenhai and DC Investments as to 40% and 60%, respectively, to engage in the provision of liquid chemical products terminal and storage services in Ningbo. Since our establishment of Ningbo Ningxiang, we have been actively involved in the development of our liquid chemical products terminal and storage business. In 1994, we constructed our terminal for the loading and unloading of liquid chemical products and our tank farm for the storage of liquid chemical products in Ningbo. We also established our transportation system comprising pipelines connected to rail, vehicles loading platform and drums for the delivery of liquid chemical products in 1995. We successfully commenced our loading and storage of liquid chemical products business in Ningbo in the same year.

Eyeing the potential growth in the liquid chemical terminal and storage industry in Tianjin, Tianjin Tianlong, our Associated Entity, was established in August 1993 in Tianjin, the PRC with registered capital of US\$3,000,000 contributed by DC Investments, Tianjin Changlu, Tianjin Dagu and Tianjin Waizong as to 65%, 22.5%, 7.5% and 5%, respectively to engage in the provision of liquid chemical products terminal and storage services in Tianjin. In 1996, we successfully commenced our operation in Tianjin upon the completion of the construction of our terminal in Tianjin for the loading and unloading of liquid chemical products and the establishment of our terminal infrastructure comprising pipelines and connected to rail, vehicles loading platform and drums for the delivery of liquid chemical products in the same year.

Following the success of our business in Ningbo and Tianjin, over time and with the accumulation of extensive experience in the industry, we further expanded our liquid chemical products terminal and storage business to Nanjing in 2003. In 2003, we collaborated with Nanjing CIPC for the establishment of Nanjing Dragon Crown. Nanjing Dragon Crown was established in April 2004 in Nanjing, the PRC with a registered capital of US\$16,000,000 contributed by DC Investments and Nanjing CIPC as to 80% and 20%, respectively, to engage in the provision of liquid chemical products terminal and storage services in Nanjing, mainly serving enterprises in the Nanjing Chemical Industry Park and various chemical customers nearby, as well as along the Yangtze River Delta region. Leveraging on our reputation as a safe and reliable terminal service provider in the industry, we were able to secure the Celanese (Nanjing) Contract with Celanese (Nanjing) for the provision of terminal and bulk chemical storage for Acetic Acid and Methanol in 2004. To the best knowledge of our Directors, our Group was the first third party terminal service

HISTORY AND DEVELOPMENT

provider to Celanese for its expansion in Nanjing and the Celanese (Nanjing) Contract was to cope with the construction of Celanese's manufacturing facilities in Nanjing. The Celanese (Nanjing) Contract provided us a period to construct the operation infrastructure for the provision of terminal and bulk chemical storage for Acetic Acid and Methanol. In 2005, we commenced the construction of the operation infrastructure for phase I of the Nanjing project for the storage of Acetic Acid and Methanol and the construction was completed and operation was commenced in 2007. In 2006, we were able to secure the Celanese Diversified Contract with Celanese Diversified for the provision of terminal and bulk chemical storage for Ethylene and VAM. The Celanese Diversified Contract also provided us a period to construct the operation infrastructure for the provision of terminal and bulk chemical storage for Ethylene and VAM. In 2007, we commenced the construction of the operation infrastructure for phase II of the Nanjing project for the storage of Ethylene and VAM and the construction was completed and commenced operation in 2008. We are one of the non-state-owned enterprises in the PRC which has the capability to provide the terminal and storage service of Ethylene in the PRC. In 2007, we were able to secure the Celanese Acetyl Contract with Celanese Acetyl for the provision of terminal and bulk chemical storage for Acetic Anhydride. The Celanese Acetyl Contract also provided us a period to construct the operation infrastructure for the provision of terminal and bulk chemical storage for Acetic Anhydride and the commercial operation date of the facilities under the Celanese Acetyl Contract started from 15 April 2008. As our reputation for providing safe and reliable services developed, our existing and potential customers increased their demand for our services. As a result, the storage capacity at our terminal in Nanjing has been substantially expanded from approximately 102,000 m³ as of 31 December 2007 to approximately 152,000 m³ as of 31 December 2010. Over the years, we have maintained a proven track record in providing terminal services to customers in the Nanjing Chemical Industry Park. We continued to experience increased demand for our services in the Nanjing Chemical Industry Park. In recognition of our achievements, we obtained the "Award for contribution to the economic development of the Nanjing Chemical Industry Park" in 2009 and the "Award for 2009 tax contribution in the Nanjing Chemical Industry Park".

With our many years of experience in the industry, we have established our business reputation as an integrated terminal service provider in the PRC specialising in the storage and handling of liquid chemical products in the PRC.

OUR CORPORATE HISTORY

The following sets forth the corporate development of each member of our Group since their respective dates of establishment/incorporation. Our principal operating entities, including our subsidiaries, Associated Entities and the Jointly-controlled Entities, are Nanjing Dragon Crown, Tianjin Tianlong, Tianlong Haixiang, Ningbo Ningxiang and Ningbo Xinxiang. Nanjing Dragon Crown is our subsidiary owned by DC Petrochemicals for the provision of terminal and storage of liquid chemical service in Nanjing. Tianjin Tianlong is our Associated Entity owned by Ocean Access for the provision of terminal and storage of liquid chemical service in Tianjin. Tianlong Haixiang is our Associated Entity wholly-owned by Tianjin Tianlong for logistics agency. Ningbo Ningxiang and Ningbo Xinxiang are our Jointly-controlled Entities owned by Dragon Bussan and Dragon Source, respectively for the

HISTORY AND DEVELOPMENT

provision of terminal and storage of liquid chemical service in Ningbo. We underwent certain reorganisation steps for the purpose of the Global Offering, particulars of which are set forth in “Reorganisation” in this prospectus.

Nanjing Dragon Crown

Nanjing Dragon Crown is a member of our Group engaging in the operation of liquid chemicals terminal and storage business in Nanjing with the business scope of the operation of terminal and other terminal facilities, operation of loading, unloading, transportation, storage of goods within the Nanjing Chemical Industry Park. The term of operation for Nanjing Dragon Crown is for the period from 26 April 2004 to 25 April 2054, and may be extended as agreed by the shareholders of Nanjing Dragon Crown upon the approval by competent government authorities.

Nanjing Dragon Crown was established on 26 April 2004 with an initial registered capital of US\$16,000,000 and was owned by DC Investments and Nanjing CIPC as to 80% and 20%, respectively. Except for its shareholding interests and nominated directors in Nanjing Dragon Crown, Nanjing CIPC is an Independent Third Party. Nanjing CIPC is an enterprise owned and/or controlled by the PRC government and its principal business includes investment and management of high-tech industry, the development of public infrastructure projects, consultancy services on property development, supply of ancillary materials and facilities for enterprises, sales of electrical products, apparatus, telecommunications facilities, research and development of high-tech products.

On 25 June 2004, DC Investments entered into an equity transfer agreement with DC Petrochemicals, pursuant to which DC Petrochemicals acquired 80% equity interest in Nanjing Dragon Crown from DC Investments and committed to inject US\$12,800,000 capital to Nanjing Dragon Crown as originally undertaken by DC Investments as consideration for the equity transfer agreement. On 15 July 2004, the management committee of the Nanjing Chemical Industry Park approved the transfer. Upon completion of this transfer, Nanjing Dragon Crown was owned by DC Petrochemicals and Nanjing CIPC as to 80% and 20%, respectively.

On 25 February 2006, DC Petrochemicals and Nanjing CIPC entered into a capital increasing agreement to increase the registered capital of Nanjing Dragon Crown to US\$28,094,820. On 19 June 2006, Jiangsu Province Bureau of Foreign Trade and Economic Co-operation approved the increase in the registered capital of Nanjing Dragon Crown. Upon completion of this transfer, Nanjing Dragon Crown was owned by DC Petrochemicals and Nanjing CIPC as to approximately 88.61% and 11.39%, respectively.

Tianjin Tianlong

Tianjin Tianlong is our Associate Entity and a member of our Group engaging in the operation of liquid chemicals storage and transportation in Tianjin with the business scope of loading, unloading, tank-filling, storage, custom-declaration representative, transportation of petrochemicals and its production, liquid chemicals (specific production list shall refer to Approval Certificate for Hazardous Chemicals Storage). The term of operation for Tianjin

HISTORY AND DEVELOPMENT

Tianlong is for the period from 28 August 1993 to 27 August 2014, and may be extended as agreed by the shareholders of Tianjin Tianlong and upon approval by competent government authorities.

Tianjin Tianlong was established on 28 August 1993 as a sino-foreign joint venture company with an initial registered capital of US\$3,000,000 and a total investment of US\$6,000,000. At the time of establishment, Tianjin Tianlong was owned by DC Investments, Tianjin Changlu, Tianjin Dagu and Tianjin Waizong as to 65%, 22.5%, 7.5% and 5%, respectively. Except for its shareholding interests and nominated directors in Tianjin Tianlong, each of Tianjin Changlu, Tianjin Waizong and Tianjin Dagu is an Independent Third Party.

In August 1994, DC Investments, Tianjin Changlu, Tianjin Waizong, Tianjin Dagu and China Petrochemical Sales Company (中國石化銷售公司), an Independent Third Party, entered into an equity transfer agreement, pursuant to which China Petrochemical Sales Company (中國石化銷售公司) acquired 14% equity interest in Tianjin Tianlong for a cash consideration of US\$420,000 from DC Investments. The consideration amount was based on the capital contribution paid by DC Investments in Tianjin Tianlong and the net asset value of Tianjin Tianlong. On 25 August 1994, Tianjin Foreign Trade and Economic Committee approved the transfer. Following completion of this transfer, Tianjin Tianlong was owned by DC Investments, Tianjin Changlu, China Petrochemical Sales Company (中國石化銷售公司), Tianjin Dagu and Tianjin Waizong as to 51%, 22.5%, 14%, 7.5% and 5%, respectively.

On 1 September 2002, DC Investments entered into an equity transfer agreement with China Petrochemical Sales Company (中國石化銷售公司), pursuant to which DC Investments acquired 14% equity interest in Tianjin Tianlong from China Petrochemical Sales Company (中國石化銷售公司) for a cash consideration of US\$420,000. The acquisition was made pursuant to the commercial negotiation between DC Investments and China Petrochemical Sales Company (中國石化銷售公司). As informed by DC Investments, China Petrochemical Sales Company (中國石化銷售公司) disposed of the equity interests in Tianjin Tianlong because it wished to concentrate on the development of its other businesses and leveraging on the long established relationship, DC Investments succeeded to acquire such equity interests in Tianjin Tianlong based on the capital contribution paid by China Petrochemical Sales Company (中國石化銷售公司) in Tianjin Tianlong in 1994. On 4 August 2003, Tianjin Tanggu District Foreign Trade and Economic Committee approved the transfer. Following completion of this transfer, Tianjin Tianlong was owned by DC Investments, Tianjin Changlu, Tianjin Dagu and Tianjin Waizong as to 65%, 22.5%, 7.5% and 5%, respectively.

As a result of shareholding reform of Tianjin Dagu, Tianjin Dagu transferred the 7.5% equity interest in Tianjin Tianlong to Dagu Investments at nil consideration. On 8 October 2010, the Committee of Commerce of Binhai New District of Tianjin City (天津濱海新區商務委員會) approved the transfer. Following the completion of this transfer, Tianjin Tianlong was owned by DC Investments, Tianjin Changlu, Dagu Investments and Tianjin Waizong as to 65%, 22.5%, 7.5% and 5%, respectively.

Tianjin Changlu is an enterprise owned and/or controlled by the PRC government and its principal business is the exploration of salt, production and sale of chemical products. Tianjin Waizong is an enterprise owned and/or controlled by the PRC government and its

HISTORY AND DEVELOPMENT

principal business is the operation and agency services of category II and III planned goods, high tax rate goods, etc. Dagu Investments is an enterprise owned and/or controlled by the PRC government and its principal business is the investment with the self-funding on chemical production, trade, transportation and storage business; sales, storage and loading and discharging of chemical products, plastic products, construction materials, specialized chemical facilities, iron, etc..

Tianlong Haixiang

Tianlong Haixiang is our Associate Entity and a member of our Group engaging in logistics agency. The term of operation for Tianlong Haixiang is for the period from 5 June 2007 to 4 June 2017, and may be extended as agreed by the shareholder of Tianlong Haixiang.

Tianlong Haixiang was established on 5 June 2007 as a limited liability company with an initial registered capital of RMB500,000 and total investment of RMB500,000. Since its establishment, Tianlong Haixiang was wholly-owned by Tianjin Tianlong.

Ningbo Ningxiang

Ningbo Ningxiang was our Associated Entity (before the Dragon Bussan Reorganisation) and is our Jointly-controlled Entity (pursuant to the Dragon Bussan Reorganisation). It is a member of our Group engaging in the operation of liquid chemicals storage and transportation in Ningbo. The business scope of Ningbo Ningxiang is the operation of terminal and other terminal facilities, loading and unloading goods within Port Area, storage of various chemicals as stated in the business licence of Ningbo Ningxiang and storage of production of general liquid chemicals. The term of operation for Ningbo Ningxiang is for the period from 20 October 1993 to 19 October 2018, and may be extended as agreed by the shareholders of Ningbo Ningxiang and upon approval by competent government authorities.

Ningbo Ningxiang was established on 20 October 1993 with an initial registered capital of RMB12,250,000 and was owned by DC Investments and Ningbo Zhenhai as to 60% and 40%, respectively. Except for its shareholding interests and nominated directors in Ningbo Ningxiang, Ningbo Zhenhai is an Independent Third Party.

On 11 April 1995, the board of directors of Ningbo Ningxiang approved the equity transfer of 60% equity interest in Ningbo Ningxiang from DC Investments to Dragon Bussan at a cash consideration of US\$1,490,000 from DC Investments. The consideration amount was mutually agreed between DC Investments and Dragon Bussan with reference to the net asset value of Ningbo Ningxiang and its future development. On 23 May 1995, Ningbo Municipal Bureau of Foreign Trade and Economic Co-operation approved the transfer. Upon completion of this transfer, Ningbo Ningxiang was owned by Dragon Bussan and Ningbo Zhenhai as to 60% and 40%, respectively.

On 19 June 2008, Ningbo Port entered into an equity transfer agreement with Ningbo Zhenhai, pursuant to which Ningbo Port acquired 40% equity interest in Ningbo Ningxiang for a cash consideration of RMB7,392,162.59 from Ningbo Zhenhai. The consideration

HISTORY AND DEVELOPMENT

amount was based on the net asset value of Ningbo Ningxiang. On 30 June 2008, Ningbo Municipal Bureau of Foreign Trade and Economic Co-operation approved transfer. Upon completion of this transfer, Ningbo Ningxiang was owned by Dragon Bussan and Ningbo Port as to 60% and 40%, respectively.

Ningbo Xinxiang

Ningbo Xinxiang is our Jointly-controlled Entity and a member of our Group engaging in the operation of liquid chemicals storage in Ningbo. The business scope of which is the storage of dimethylbenzene, n-butyl alcohol, isobutyl alcohol, isopropyl alcohol, n-propyl alcohol, carbinol, alcohol, adipic dinitrile within Zhenhai Port Area, loading, unloading and storage of liquid chemicals production (excluding hazardous liquid chemicals). The term of operation for Ningbo Xinxiang is for the period from 19 December 2003 to 18 December 2018, and may be extended as agreed by the shareholders of Ningbo Xinxiang and upon approval by competent government authorities.

Ningbo Xinxiang was established on 19 December 2003 as a sino-foreign joint venture with an initial registered capital of RMB7,000,000 and total investment of RMB10,000,000. At the time of establishment, Ningbo Xinxiang was owned by Dragon Source and Ningbo Zhenhai as to 60% and 40%, respectively. Except for its shareholding interests and nominated directors in Ningbo Xinxiang, Ningbo Zhenhai is an Independent Third Party.

On 19 June 2008, Ningbo Zhenhai entered into an equity transfer agreement with Ningbo Port, pursuant to which Ningbo Port acquired 40% equity interest in Ningbo Xinxiang for a cash consideration of RMB4,329,700 from Ningbo Zhenhai. The consideration amount was based on the net asset value of Ningbo Xinxiang. On 26 June 2008, Ningbo Zhenghai District Bureau of Foreign Trade and Economic Co-operation approved the transfer of 40% shares of Ningbo Xinxiang by Ningbo Zhenhai to Ningbo Port at the consideration of RMB4,329,700. Upon completion of this transfer, Ningbo Xinxiang was owned by Dragon Source and Ningbo Port as to 60% and 40%, respectively.

Ningbo Port is an enterprise owned and/or controlled by the PRC government and its principal business is the development, operation and management of terminal; loading and discharging, storage, packaging of goods at port, international logistics agency services; port information and technical consultancy services, etc.

DC Petrochemicals

DC Petrochemicals was incorporated on 25 June 2004 in Hong Kong. Upon its incorporation, DC Petrochemicals had an authorised share capital of US\$1,000,000 divided into 1,000,000 shares of US\$1 each. Prior to the Reorganisation, DC Petrochemicals was owned as to 96% and 4% by DC Investments and Mr. TING Yian Ann, respectively.

On 29 November 2010, the authorised share capital of DC Petrochemicals increased from US\$1,000,000 divided into 1,000,000 shares of US\$1 each to US\$30,000,000 divided into 30,000,000 shares of US\$1 each.

HISTORY AND DEVELOPMENT

On 29 November 2010, 26,600,000 shares in DC Petrochemicals were issued and allotted to Sea Triumph at a consideration of US\$26,600,000. Upon the issue and allotment, DC Petrochemicals was owned as to approximately 98.1%, 1.8% and 0.1% by Sea Triumph, DC Investments and Mr. TING Yian Ann, respectively.

On 29 November 2010, DC Investments and Mr. TING Yian Ann agreed to convert their respective 1.8% and 0.1% of the then issued share capital of DC Petrochemicals into non-voting deferred shares. Upon the conversion, all the ordinary shares of DC Petrochemicals were wholly-owned by Sea Triumph.

Ocean Access

Ocean Access was incorporated on 18 June 2010 in Hong Kong. Upon its incorporation, Ocean Access has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. One subscriber share was issued to Fernside Limited upon the incorporation of Ocean Access. On 5 August 2010, the one subscriber share was transferred from Fernside Limited to Sinolake at HK\$1. Ocean Access is wholly-owned by Sinolake.

Dragon Bussan

Dragon Bussan was incorporated on 22 April 1993 in Hong Kong. Upon its incorporation, Dragon Bussan has an authorised share capital of US\$1,500,000 divided into 1,500,000 shares of US\$1 each. Prior to the Reorganisation, Dragon Bussan was owned as to 60%, 24% and 16% by DC Investments, Mitsui & Co., Ltd. and Mitsui & Company (Hong Kong) Limited, respectively. Before the Dragon Bussan Reorganisation, Dragon Bussan was our Associated Entity.

On 29 November 2010, Quick Response acquired 24% and 16% of the shareholding interests in Dragon Bussan from Mitsui & Co., Ltd. and Mitsui & Company (Hong Kong) Limited for cash considerations of US\$874,560 and US\$583,040, respectively, which are determined with reference to the fair market value of Dragon Bussan. Upon the acquisitions, Dragon Bussan was owned as to 60% and 40% by DC Investments and Quick Response, respectively.

On 29 November 2010, DC Investments agreed to convert its 60% of the then issued share capital of Dragon Bussan into non-voting deferred shares. Upon the conversion, all ordinary shares of Dragon Bussan were wholly-owned by Quick Response.

Dragon Source

Dragon Source was incorporated on 12 July 1988 in Hong Kong. Upon its incorporation, Dragon Source has an authorised share capital of HK\$2,000,000 divided into 2,000,000 shares of HK\$1 each. Prior to the Reorganisation, Dragon Source was wholly-owned by Mr. NG.

On 29 November 2010, the authorised share capital of Dragon Source was increased to HK\$30,000,000 divided into 30,000,000 shares of HK\$1 each.

HISTORY AND DEVELOPMENT

On 29 November 2010, 26,000,000 shares in Dragon Source was issued and allotted to Ideal Huge at a consideration of HK\$26,000,000. Upon the issue and allotment, Dragon Source was owned as to approximately 92.9% and 7.1% by Ideal Huge and Mr. NG, respectively.

On 29 November 2010, Mr. NG agreed to convert his approximately 7.1% of the then issued share capital of Dragon Source into non-voting deferred shares. Upon the conversion, all the ordinary shares of Dragon Source were wholly-owned by Ideal Huge.

Sea Triumph

Sea Triumph was incorporated on 3 June 2010 in the BVI as an investment company. Upon its incorporation, Sea Triumph had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each and 10 shares were issued and allotted to Ocean Ahead on 26 July 2010. Sea Triumph is wholly-owned by Ocean Ahead.

Sinolake

Sinolake was incorporated on 11 June 2010 in the BVI as an investment company. Upon its incorporation, Sinolake had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each and 10 shares were issued and allotted to Ocean Ahead on 26 July 2010. Sinolake is wholly-owned by Ocean Ahead.

Quick Response

Quick Response was incorporated on 20 April 2010 in the BVI as an investment company. Upon its incorporation, Quick Response had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each and 10 shares were issued and allotted to Ocean Ahead on 26 July 2010. Quick Response is wholly-owned by Ocean Ahead.

Ideal Huge

Ideal Huge was incorporated on 11 June 2010 in the BVI as an investment company. Upon its incorporation, Ideal Huge had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each and 10 shares were issued and allotted to Ocean Ahead on 26 July 2010. Ideal Huge is wholly-owned by Ocean Ahead.

Ocean Ahead

Ocean Ahead was incorporated on 15 June 2010 in the BVI as an investment company. Upon its incorporation, Ocean Ahead had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each and 100 shares were issued and allotted to the Company on 26 July 2010. Ocean Ahead is wholly-owned by the Company.

HISTORY AND DEVELOPMENT

Our Company

Our Company was incorporated on 16 July 2010 in the Cayman Islands as an exempted company with limited liability. At the time of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.1 each.

On 16 July 2010, one subscriber Share with the par value of HK\$0.1 of our Company which was nil paid was transferred to Lirun.

On 4 August 2010, 97 Shares and two shares were allotted and issued to each of Lirun and Silver Coin nil paid, respectively.

On 29 November 2010, resolutions were passed by our Company to capitalise the advances in an aggregate amount of US\$1,457,600 due to Lirun and Silver Coin by (i) issuing 112,602 Shares, credited as fully paid, to Lirun and crediting the in full at par 98 nil paid Shares held by Lirun; and (ii) issuing 2,298 Shares, credited as fully paid, to Silver Coin and crediting in full at par the two nil paid Shares held by Silver Coin.

On 29 November 2010, resolutions were passed by our Company to capitalise the advances in an aggregate amount of US\$26,600,000 due to Lirun, Ansen and Silver Coin by (i) issuing 635,500 Shares, credited as fully paid, to Lirun; (ii) under the direction of Lirun, 16,500 Shares, credited as fully paid, to Sure Port; (iii) issuing 33,000 Shares, credited as fully paid, to Ansen; and (iv) issuing 13,650 Shares, credited as fully paid, to Silver Coin.

On 29 November 2010, resolutions were passed by our Company to capitalise the advance in an amount of HK\$26,000,000 due to Lirun by issuing 11,350 Shares, credited as fully paid, to Lirun.

Joint Venture Agreements

The table below sets out the percentage of equity interests of our Associated Entities and Jointly-controlled Entities after the Reorganisation:

Name of Associated Entities/ Jointly-controlled Entities	Name of owner	Percentage interest of the owner
Tianjin Tianlong	Ocean Access (<i>Note 1</i>)	65%
	Tianjin Changlu	22.5%
	Dagu Investments	7.5%
	Tianjin Waizong	5%
Tianlong Haixiang	Tianjin Tianlong (<i>Note 2</i>)	100%
Ningbo Xinxiang	Dragon Source (<i>Note 1</i>)	60%
	Ningbo Port	40%
Ningbo Ningxiang	Dragon Bussan (<i>Note 3</i>)	60%
	Ningbo Port	40%

HISTORY AND DEVELOPMENT

Notes:

1. Ocean Access and Dragon Source are both indirect wholly-owned subsidiaries of our Company.
2. Tianlong Haixiang is wholly owned by Tianjin Tianlong and since Tianjin Tianlong is our Associated Entity, Tianlong Haixiang is also considered as our Associated Entity.
3. Before the Dragon Bussan Reorganisation, the shareholding interests of Dragon Bussan were held by DC Investments (60%), Mitsui & Co., Ltd. (24%) and Mitsui & Company (Hong Kong) Limited (16%). After the completion of the Dragon Bussan Reorganisation, Dragon Bussan became an indirect wholly-owned subsidiary of our Company.

HISTORY AND DEVELOPMENT

The major terms of the joint venture agreements governing the relationship among our joint venture parties in Tianjin Tianlong, Ningbo Xinxiang and Ningbo Ningxiang are as follows:–

	Tianjin Tianlong	Ningbo Xinxiang	Ningbo Ningxiang
Duration	28 August 1993 to 27 August 2014	19 December 2003 to 18 December 2018	20 October 1993 to 19 October 2018
Board representation	Our Group could appoint four out of the seven directors to the board	Our Group could appoint three out of the five directors to the board	Our Group could appoint three out of the five directors to the board
Voting rights	A quorum requires the presence of at least six out of the seven nominated directors and board resolutions relating to financial and operating policies require unanimous votes of all directors present at board meetings voting for the resolution	A quorum requires the presence of at least two-third of the total directors and board resolutions relating to financial and operating policies require two-third votes out of all directors present at board meetings voting for the resolution	A quorum requires the presence of at least two directors from each shareholder and board resolutions relating to financial and operating policies require 80% votes out of all directors present at board meetings voting for the resolution
Profit sharing ratio	In accordance with their respective equity interests	In accordance with their respective equity interests	In accordance with their respective equity interests
Termination	<p>(1) In case of any force majeure issues or deficit for several consecutive years that result in the impossibility of the company's operation, the agreement can be terminated upon an unanimous vote by all directors</p> <p>(2) In case of any non-performance of obligations or a material deviation from the purpose of the company's operation by a party, the non-breaching party can terminate the agreement and claim compensation from the breaching party, or otherwise continue the company's operation and the non-breaching party can claim compensation from the breaching party</p> <p>(3) In case of any partial non-performance of obligations by a party, the breaching party shall make relevant compensation to the company</p>	<p>(1) In case of any force majeure issues or deficit for several consecutive years that result in the impossibility of the company's operation, the agreement can be terminated upon an unanimous vote by all directors</p> <p>(2) In case of any non-performance of obligations or a material deviation from the purpose of the company's operation by a party, the non-breaching party can terminate the agreement and claim compensation from the breaching party, or otherwise continue the company's operation and the non-breaching party can claim compensation from the breaching party</p> <p>(3) In case of any partial non-performance of obligations by a party, if the breaching party does not resolve the breaching issue within 15 days upon receiving a notice from the non-breaching party, the non-breaching party can terminate the agreement and claim compensation from the breaching party</p>	<p>In case of the situations such as (1) any substantial breach of the agreement which has not been resolved within 60 days, (2) an aggregate deficit of over 100% of the registered capital, (3) deficit of over 50% of the registered capital for three consecutive years, (4) winding up/bankruptcy of the company or any party, (5) any transfer of shares without the other party's approval, (6) confiscation of the company's material assets, (7) no achievement of the operation purpose, (8) enactment of new laws that materially affect the company's operation, or (9) force majeure issues lasting for over 120 days, any party can send to the other party a notice for the termination of the agreement. Upon receiving the notice, if all parties cannot resolve the problem within two months, the party who sent the notice has the right to sell the shares it holds in the company to the other party. If no agreement is achieved between the parties regarding the transfer, the company shall be dissolved</p>

HISTORY AND DEVELOPMENT

There are no provisions in relation to measures to resolve dead-lock resolution under the joint venture agreements.

Other rights and obligations of joint venture parties to Tianjin Tianlong, Ningbo Xinxiang and Ningbo Ningxiang are general and comparable to other standard and typical joint venture agreements.

Our investments in Tianjin Tianlong, Ningbo Xinxiang and Ningbo Ningxiang were not consolidated into our financial statements because quorum of board resolutions in these entities requires the presence of directors nominated by our joint venture partners.

Tianjin Tianlong is considered as our Associated Entity because we can exercise a significant influence, but not a joint control, in Tianjin Tianlong as its quorum requires six out of the seven nominated directors to be present whereas, apart from the four directors nominated by our Group, board resolutions can be made with any two of the other three directors nominated by the other three shareholders instead of an unanimous votes of all directors nominated by all shareholders in Tianjin Tianlong, unless the board resolutions are relating to financial and operating policies which require unanimous votes of all directors present at the board meeting voting for the resolution.

Tianlong Haixiang is an entity established in the PRC wholly-owned by Tianjin Tianlong. Since Tianjin Tianlong is our Associated Entity, Tianlong Haixiang is also considered as our Associated Entity.

Ningbo Xinxiang is considered as our Jointly-controlled Entity because Ningbo Xinxiang is jointly controlled by our joint venture partner and us on the basis that (i) there are only two shareholders in Ningbo Xinxiang and its quorum requires the presence of at least two-third of the total directors and (ii) board resolutions relating to financial and operating policies require two-third votes out of all directors present at the board meeting voting for the resolution whereas our Group could appoint only three out of the five directors to the board. As such, in effect, the quorum requires the presence of at least two directors each nominated by the shareholders in Ningbo Xinxiang.

Before the Dragon Bussan Reorganisation, Dragon Bussan was considered as our Associated Entity because we could exercise a significant influence, but not a joint control, in Dragon Bussan as its quorum required four out of the five nominated directors to be present whereas, apart from the three directors nominated by our Group, board resolutions can be made with any one of the other two directors nominated by the other two shareholders instead of an unanimous votes of all directors nominated by all shareholders in Dragon Bussan. Since Ningbo Ningxiang was held as to 60% by Dragon Bussan, Ningbo Ningxiang was also considered as our Associated Entity before the Dragon Bussan Reorganisation. Pursuant to the Dragon Bussan Reorganisation, Dragon Bussan became our indirect wholly-owned subsidiary whereas the equity interests of Ningbo Ningxiang are held as to 60% by Dragon Bussan and 40% by Ningbo Port. Pursuant to the Dragon Bussan Reorganisation, Ningbo Ningxiang became our Jointly-controlled Entity because Ningbo Ningxiang is jointly controlled by our joint venture partner and us on the basis that (i) there are only two shareholders in Ningbo Ningxiang and its quorum requires the presence of at least two directors nominated by each shareholder and (ii) board resolutions relating to

HISTORY AND DEVELOPMENT

financial and operating policies require 80% votes out of all directors present at the board meeting voting for the resolution whereas Dragon Bussan could only appoint three out of the five directors to the board. As such, in effect, the quorum requires the presence of at least two directors each nominated by the shareholders in Ningbo Ningxiang.