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Dragon Crown Group Holdings Limited

龍翔集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 935)

CONTINUING CONNECTED TRANSACTIONS – NINGBO PORT LOADING, DISCHARGING AND STORAGE AGREEMENT

Ningbo Port Loading, Discharging and Storage Agreement

On 22 January 2019 (after trading hours), Ningbo Ningxiang and Ningbo Zhenhai entered into the Ningbo Port Loading, Discharging and Storage Agreement, pursuant to which Ningbo Zhenhai agreed to provide Ningbo Ningxiang with loading, discharging and storage services at the terminal in Ningbo for the period from 22 January 2019 to 31 December 2019. As the annual cap for the Ningbo Port Loading, Discharging and Storage Agreement is more than HK\$3 million and all the applicable percentage ratios (other than the profits ratio) as defined by Rule 14.07 of the Listing Rules for the projected annual consideration for the Ningbo Port Loading, Discharging and Storage Agreement payable by Ningbo Ningxiang are less than 5%, the transactions contemplated under the Ningbo Port Loading, Discharging and Storage Agreement are subject to reporting, announcement and annual review requirements but exempt from shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

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Ningbo Port is a substantial shareholder of Ningbo Ningxiang and Ningbo Xinxiang, owning 40% equity interests in Ningbo Ningxiang and Ningbo Xinxiang. Each of Ningbo Ningxiang and Ningbo Xinxiang is deemed to be a subsidiary of the Company under the Listing Rules by virtue of being a subsidiary undertaking as defined in schedule 1 to the Companies Ordinance (Cap 622). Ningbo Port,

being a substantial shareholder of subsidiaries of the Company, is considered as a connected person of the Company under the Listing Rules. Ningbo Zhenhai, being a branch company of Ningbo Port, is also considered as a connected person of the Company under the Listing Rules. The principal business of Ningbo Zhenhai includes 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.

As Ningbo Zhenhai is a connected person of the Company, the transactions contemplated under the Ningbo Port Loading, Discharging and Storage Agreement will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules. Since none of the Directors has any material interest in the proposed transaction, no Director has abstained from voting on the relevant board resolutions approving the Ningbo Port Loading, Discharging and Storage Agreement and the transactions contemplated thereunder.

The fees payable by the Group to Ningbo Zhenhai for the services provided are principally determined by (i) the quantity of the liquid chemical products handled by Ningbo Zhenhai; and (ii) the period for the storage of the liquid chemical products at the terminal in Ningbo. The price will be negotiated and agreed between both parties with reference to the market price. This is to ensure that the terms offered by Ningbo Zhenhai to Ningbo Ningxiang are no less favourable than those offered by other Independent Third Parties in the ordinary course of business.

Historical/estimate transaction value

For the three years ended 31 December 2018, the fees paid by Ningbo Ningxiang to Ningbo Zhenhai for the provision of loading, discharging and storage services at the terminal in Ningbo amounted to approximately RMB1,681,000 (equivalent to approximately HK\$1,914,000), RMB2,471,000 (equivalent to approximately HK\$2,813,000) and RMB2,431,000 (equivalent to approximately HK\$2,768,000), respectively.

Annual cap

The proposed cap amount of the fees to be payable by the Group to Ningbo Zhenhai for the services to be provided under the Ningbo Port Loading, Discharging and Storage Agreement for the year ending 31 December 2019 is RMB4,410,000 (equivalent to approximately HK\$5,021,000).

Such proposed cap amount is determined based on (i) the actual quantity of liquid chemical products handled by Ningbo Zhenhai during the three years ended 31 December 2018; (ii) the expected quantity of liquid chemical products to be handled by Ningbo Zhenhai during the year ending 31 December 2019; and (iii) the expected price to be charged by Ningbo Zhenhai during the year ending 31 December 2019 for the loading, discharging and storage services.

Reasons for and benefits of the continuing connected transactions under the Ningbo Port Loading, Discharging and Storage Agreement

Ningbo Ningxiang provides liquid chemical terminal and storage services to its customers at the Group's terminal in Ningbo. Ningbo Ningxiang may purchase liquid chemical terminal and storage service from third party from time to time to meet the demand for liquid chemical terminal and storage services. By entering into the Ningbo Port Loading, Discharging and Storage Agreement, the Group can continue to secure a constant supply of loading, discharging and storage services at the terminal in Ningbo to meet the demand for such services from its customers.

Listing Rules Implications

As the annual cap for the Ningbo Port Loading, Discharging and Storage Agreement is more than HK\$3 million and all the applicable percentage ratios (other than the profits ratio) as defined in Rule 14.07 of the Listing Rules for the projected annual consideration for the Ningbo Port Loading, Discharging and Storage Agreement payable by Ningbo Ningxiang are less than 5%, the transactions contemplated under the Ningbo Port Loading, Discharging and Storage Agreement are subject to reporting, announcement and annual review requirements but exempt from shareholders' approval requirements under the Rule 14A.76(2) of the Listing Rules.

In addition, the Directors (including the independent non-executive Directors) confirm that it is in the interests of the Company to continue with the transactions under the Ningbo Port Loading, Discharging and Storage Agreement and that such transactions are conducted on normal commercial terms or terms that are not less favourable to the Company than those available from other Independent Third Parties in the ordinary and usual course of business and are fair and reasonable and in the interests of the Shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the annual cap of the Ningbo Port Loading, Discharging and Storage Agreement is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in the provision of high quality and comprehensive range of liquid petrochemical terminal and storage services in the PRC. Ningbo Ningxiang is an indirect jointly controlled entity of the Company.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the same meanings set out below:

“Board”	the board of Directors
“Company”	Dragon Crown Group Holdings Limited (龍翔集團控股有限公司), a company incorporated in the Cayman Islands with limited liability

“connected persons(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dragon Bussan”	Dragon Bussan International Limited (龍翔物產有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with any of the Directors, chief executive, substantial Shareholders or any of its subsidiaries and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Ningbo Ningxiang”	Ningbo Ningxiang Liquid Chemicals Terminal Co., Ltd. (寧波寧翔液化儲運碼頭有限公司), a limited liability company established in the PRC which is owned as to 60% and 40% by Dragon Bussan and Ningbo Port, respectively
“Ningbo Port”	Ningbo Zhoushan Port Company Limited (寧波舟山港股份有限公司), company established in the PRC owned and/or controlled by the PRC government
“Ningbo Port Loading, Discharging and Storage Agreement”	loading, discharging and storage agreement dated 22 January 2019 entered into between Ningbo Ningxiang and Ningbo Zhenhai, pursuant to which Ningbo Zhenhai agreed to provide Ningbo Ningxiang with loading, discharging and storage services at the terminal in Ningbo for the period from 22 January 2019 to 31 December 2019
“Ningbo Xinxiang”	Ningbo Xinxiang Liquid Chemical Store Co., Ltd. (寧波新翔液體化工倉儲有限公司), a limited liability company established in the PRC, which is owned as to 60% and 40% by Dragon Bussan and Ningbo Port, respectively
“Ningbo Zhenhai”	Ningbo Zhoushan Port Company Limited Zhen Hai Gang Bu Branch Company (寧波舟山港股份有限公司鎮海港埠分公司), a branch company of Ningbo Port

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.10 in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, conversion of RMB into HK\$ is calculated at the conversion rate of RMB1.00 to HK\$1.1384. This conversion rate is for purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, converted at this or any other rates at all.

By Order of the Board
DRAGON CROWN GROUP HOLDINGS LIMITED
Ng Wai Man
Chairman & Chief Executive Officer

Hong Kong, 22 January 2019

As at the date of this announcement, the executive Directors are Mr. NG Wai Man, Mr. CHONG Yat Chin and Ms. CHAN Wan Ming and the independent non-executive Directors are Mr. FENG Jianping, Mr. ZHU Wujun and Mr. LAU Sik Yuen.