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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: 0935)

**(A) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS
AND
(B) RENEWAL OF ANNUAL CAPS FOR PIPE RACKS AGREEMENTS
AND FOURTH SUPPLEMENTAL PIPE RACKS AGREEMENT**

(A) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Prospectus in relation to certain continuing connected transactions between the Group and certain connected persons of the Company. These continuing connected transactions include (i) the Related Party Terminal Service Agreements; and (ii) the Office Lease Agreement. The aforesaid continuing connected transactions will expire on 31 December 2012. The Group intends to continue to carry out the transactions stipulated under the Related Party Terminal Service Agreements and the Office Lease Agreement. As such, on 3 December 2012, the Company entered into the Renewed Related Party Terminal Service Agreements and the Renewed Office Lease Agreement.

(1) Renewed Related Party Terminal Service Agreements

Pursuant to Rule 14A.36(2) of the Listing Rules and as the aggregated applicable percentage ratios (other than profit ratios) as defined by Rule 14.07 of the Listing Rules for the respective transactions amounts under the Renewed Related Party Terminal Service Agreements on an annual basis are expected to be less than 5%, the transactions contemplated under the Renewed Related Party Terminal Service Agreements will constitute exempted continuing connected transactions under Chapter 14A of the Listing Rules, and are subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

(2) Renewed Office Lease Agreement

Pursuant to Rule 14A.36(2) of the Listing Rules and as the aggregated applicable percentage ratios (other than profit ratios) as defined by Rule 14.07 of the Listing Rules for the respective transactions amounts under the Renewed Office Lease Agreement on an annual basis are expected to be less than 5%, the transactions contemplated under the Renewed Office Lease Agreement will constitute exempted continuing connected transactions under Chapter 14A of the Listing Rules, and are subject to the reporting and disclosure requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

(B) RENEWAL OF ANNUAL CAPS FOR PIPE RACKS AGREEMENTS AND FOURTH SUPPLEMENTAL PIPE RACKS AGREEMENT

Reference is made to the Prospectus in relation to the continuing connected transactions between Nanjing Dragon Crown and Nanjing CIPC and Nanjing CIPPS respectively, as stipulated in the Pipe Racks Agreements. The annual caps for the Pipe Racks Agreements will expire on 31 December 2012. As the Group will continue to carry out the transactions contemplated under the Pipe Racks Agreements, the Company wishes to renew the annual caps for the Pipe Racks Agreements for each of the three years ending 31 December 2015. Further, Nanjing Dragon Crown and Nanjing CIPC has on 3 December 2012, entered into the Fourth Supplemental Pipe Racks Agreement to add addendum to the Pipe Racks Services Agreement.

Pursuant to Rule 14A.36(2) of the Listing Rules and as the expected aggregated caps amount of the transactions under the Pipe Racks Agreements for each of the three years ending 31 December 2015 exceed HK\$10,000,000 and one of the percentage ratios (other than the profit ratio) under Chapter 14A of the Listing Rules, where applicable and on an annual basis, exceed 5% but less than 25%. As such, the transactions contemplated under the Pipe Racks Agreements for the three years ending 31 December 2015 will constitute non-exempted continuing connected transactions under Rule 14A.35 of the Listing Rules, and are subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the date of the announcement, as Nanjing CIPC, its ultimate beneficial owners and its respective associates do not hold any Shares and to the best of Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is interested in the Pipe Racks Agreements and the Renewed Annual Caps, as such no Shareholder is required to abstain from voting on the relevant resolutions to approve the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder. Pursuant to Rule 14A.43 of the Listing Rules, the Company has obtained a written approval from the Controlling Shareholders, which are beneficially interested in an aggregate of 779,754,000 Shares, representing approximately 70.26% of the entire issued share capital of the Company as at the date of this announcement. As no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder and the said written approval has been obtained, no extraordinary general meeting will be convened for the purpose of approving the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder pursuant to Rule 14A.43 of the Listing Rules.

A circular containing, inter alia, (i) further information in respect of the Pipe Racks Agreements, the Renewed Annual Caps and the transactions contemplated thereunder; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial advisers to the Independent Board Committee of the Company and the Independent Shareholders will be despatched to the Shareholders on or before 24 December 2012 in accordance with the Listing Rules.

(A) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Prospectus in relation to certain continuing connected transactions between the Group and certain connected persons of the Company. These continuing connected transactions include (i) the Related Party Terminal Service Agreements; and (ii) the Office Lease Agreement. The aforesaid continuing connected transactions will expire on 31 December 2012. The Group intends to continue to carry out the transactions stipulated under the Related Party Terminal Service Agreements and the Office Lease Agreement. As such, on 3 December 2012, the Company entered into the Renewed Related Party Terminal Service Agreements and the Renewed Office Lease Agreement.

(1) Renewed Related Party Terminal Service Agreements

The Renewed Related Party Terminal Service Agreements comprise of (a) Renewed Phenol Storage Agreement; and (b) Ningbo Storage Agreement.

(a) Renewed Phenol Storage Agreement

On 19 April 2011, Nanjing Dragon Crown and DC Investments entered into the Phenol Storage Agreement, pursuant to which Nanjing Dragon Crown agreed to provide DC Investments with terminal and storage services for Phenol at the Group's terminal in

Nanjing Dragon Crown. The term of the Phenol Storage Agreement will be expired on 31 December 2012.

On 3 December 2012, Nanjing Dragon Crown and DC Investments entered into the Renewed Phenol Storage Agreement pursuant to which Nanjing Dragon Crown agreed to provide DC Investments with terminal and storage services for Phenol at the terminal of Nanjing Dragon Crown. The term of the Renewed Phenol Storage Agreement is for the period from 1 January 2013 to 31 December 2015.

DC Investments is owned as to 98% by Mr. NG, a Director and a Controlling Shareholder. It is principally engaged in trading of chemicals and investment holdings. According to the Listing Rules, DC Investments is an associate of Mr. NG and thus a connected person. As DC Investments is a connected person of the Company, the Renewed Phenol Storage Agreement will constitute a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

The fees payable by DC Investments to the Group for the services provided are principally determined by (i) the storage capacity of the tank to be provided by the Group to DC Investments; and (ii) the duration for the storage of Phenol at the Group's terminal in Nanjing with reference to the market price. The terms offered by DC Investments to Nanjing Dragon Crown are no less favourable than those offered by other Independent Third Parties in the ordinary course of business.

Historical/estimate transaction value

For the year ended 31 December 2011 and for the ten months ended 31 October 2012, the fees paid by DC Investments to the Group for the provision of terminal and storage services for Phenol at the terminal of Nanjing Dragon Crown amounted to approximately RMB2,880,000 (equivalent to approximately HK\$3,583,000) and RMB2,400,000 (equivalent to approximately HK\$2,986,000), respectively. It is estimated that the fee paid by DC Investments to the Group for the provision of terminal and storage services for Phenol at the terminal of Nanjing Dragon Crown for the year ending 31 December 2012 to be amounted to approximately RMB2,880,000 (equivalent to approximately HK\$3,583,000), which will not exceed the annual cap for the Phenol Storage Agreement as provided in the Prospectus.

Annual caps

Under the Renewed Phenol Storage Agreement, the Group's terminal and storage services provided to DC Investments were charged on the actual volume of Phenol used by DC Investments. In order to provide a comparatively stable income to the Group, the Directors consider that it would be more beneficial for the Group to determine a fixed amount of fees to be charged on DC Investments under the Renewed Phenol Storage Agreement. Accordingly, it was agreed under the Renewed Phenol Storage Agreement to guarantee

an annual volume of Phenol used of 10,000 tonnes charged at RMB120 per tonne or if exceeding the guaranteed annual volume of Phenol used of 10,000 tonnes, charged at RMB130 per exceeded tonne. Therefore, the annual fee for the terminal and storage fee for Phenol charged on DC Investments under the Renewed Phenol Storage Agreement would be RMB1,200,000 (equivalent to approximately HK\$1,493,000). Accordingly, the proposed cap amounts of the fees payable to the Group by DC Investments for the provision of services under the Renewed Phenol Storage Agreement for the each of the three years ending 31 December 2015 are RMB1,200,000 (equivalent to approximately HK\$1,493,000); RMB1,200,000 (equivalent to approximately HK\$1,493,000); and RMB1,200,000 (equivalent to approximately HK\$1,493,000), respectively. The drop of the annual cap for each of the three years ending 31 December 2015 in compare with the historical transaction value is mainly due to the expected decrease in the amount of orders procured by DC Investments arising from the unfavourable market conditions.

(b) Ningbo Storage Agreement

On 1 January 2010, Ningbo Ningxiang and DC Investments entered into the DC Investments Storage Agreement, pursuant to which Ningbo Ningxiang agreed to provide DC Investments with terminal and storage services for Phenol at the Group's terminal in Ningbo. The term of the DC Investments Storage Agreement will be expired on 31 December 2012.

On 3 December 2012, Ningbo Ningxiang and Ningbo FTZ Dragon Crown, the wholly-owned subsidiary of DC Investments, entered into the Ningbo Storage Agreement, pursuant to which Ningbo Ningxiang agreed to provide Ningbo FTZ Dragon Crown with terminal and storage services at the Group's terminal in Ningbo. The term of the Ningbo Storage Agreement is for the period of three years from 1 January 2013 to 31 December 2015.

Ningbo FTZ Dragon Crown is a wholly-owned subsidiary of DC Investments which in turn is owned as to 98% by Mr. NG, a Director and a Controlling Shareholder. It is principally engaged in trading of chemicals. According to the Listing Rules, Ningbo FTZ Dragon Crown is an associate of Mr. NG and thus a connected person. As Ningbo FTZ Dragon Crown is a connected person of the Company, the Ningbo Storage Agreement will constitute a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

The fees payable by Ningbo FTZ Dragon Crown to the Group for the services provided are principally determined by (i) the quantity of the liquid chemical products handled by the Group; and (ii) the period for the storage of the liquid chemical products at the terminal with reference to the market price. The terms offered by Ningbo FTZ Dragon Crown 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 year ended 31 December 2011 and for the ten months ended 31 October 2012, the fees paid by DC Investments to the Group for the provision of terminal and storage services at the Group's terminal in Ningbo amounted to RMB2,514,000 (equivalent to approximately HK\$3,127,000), and RMB1,477,000 (equivalent to approximately HK\$1,837,000), respectively. It is estimated that the fees paid by DC Investments to the Group for the provision of terminal and storage services at the Group's terminal in Ningbo for the year ending 31 December 2012 to be amounted to RMB1,751,000 (equivalent to approximately HK\$2,178,000), which will not exceed the annual cap for the Ningbo Storage Agreement as provided in the Prospectus.

Annual caps

The proposed cap amounts of the fees to be payable to the Group for the provision of services under the Ningbo Storage Agreement for each of the three years ending 31 December 2015 are RMB1,446,000 (equivalent to approximately HK\$1,798,000); RMB1,446,000 (equivalent to HK\$1,798,000); and RMB1,446,000 (equivalent to approximately HK\$1,798,000), respectively.

Such proposed cap amounts are determined based on (i) the actual quantity of liquid chemical products to be handled by the Group during the three years ending 31 December 2012; (ii) the expected quantity of liquid chemical products handled by the Group during the three years ending 31 December 2015; and (iii) the expected rental rate to be charged by the Group during the three years ending 31 December 2015.

Reasons for and benefits of the continuing connected transactions under the Renewed Related Party Terminal Service Agreements

By entering into of the Renewed Related Party Terminal Service Agreements, the Group can continue with (i) the terminal and storage services for Phenol at the terminal of Nanjing Dragon Crown; and (ii) the terminal and storage services at the Group's terminal in Ningbo.

Listing Rules implications

Pursuant to Rules 14A.25 and 14A.26 of the Listing Rules, the transactions under the Renewed Related Party Terminal Service Agreements have been aggregated. Pursuant to Rule 14A.36(2) of the Listing Rules and as the applicable percentage ratios (other than profits ratio) as defined in Rule 14.07 of the Listing Rules and calculated with reference to the proposed annual caps each year shown above for the transactions under the Renewed Related Party Terminal Service Agreements are expected to be less than 5%, and such transactions will require satisfaction of reporting and announcement requirements under 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 Renewed Related Party Terminal Service Agreements after the Listing 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 caps of the Renewed Related Party Terminal Service Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

(2) Renewed Office Lease Agreement

On 3 December 2012, the Renewed Office Lease Agreement was entered into between DC Investments as landlord and DC Petrochemicals as tenant in respect of the Hong Kong Premises, being property numbered 11 as referred to in the property valuation report as set out in Appendix III in the Prospectus, with a gross floor area of approximately 2,227 square feet for a term commencing on 1 January 2013 and expiring on 31 December 2015. The property is currently occupied by the Group for office use.

DC Investments is owned as to 98% by Mr. NG, a Director and a Controlling Shareholder. It is principally engaged in trading of chemicals and investment holdings. According to the Listing Rules, DC Investments is an associate of Mr. NG and thus a connected person. As DC Investments is a connected person of the Company, the Renewed Office Lease Agreement will constitute a continuing connected transaction of the Company under 14A.14 of the Listing Rules.

Historical/estimate transaction value

For the year ended 31 December 2011 and for the ten months ended 31 October 2012, the rent paid by the Group in respect of the Hong Kong Premises amounted to HK\$1,494,000 and HK\$1,245,000, respectively. It is estimated that the rent paid by the Group in respect of the Hong Kong Premises for the year ending 31 December 2012 to be amounted to approximately HK\$1,494,000, which will not exceed the annual cap for the Office Lease Agreement as provided in the Prospectus.

Annual caps

Pursuant to the Renewed Office Lease Agreement, the annual rental for the Hong Kong Premises for each of the three years ending 31 December 2015 is HK\$1,494,000, HK\$1,494,000 and HK\$1,494,000, respectively, payable by the Company in advance on or before the first day of each calendar month. Hence, the proposed cap amounts of the rental fees to be payable by the Group to DC Investments under the Renewed Office Lease Agreement in each of the three years ending 31 December 2015 are HK\$1,494,000, HK\$1,494,000 and HK\$1,494,000, respectively.

The annual rent payable to DC Investments was determined at arm's length negotiation between the parties to the Renewed Office Lease Agreement with reference to the valuation made by the independent property valuer of the Company, Savills Valuation and Professional Services Limited, and the previous transaction between the parties.

Reasons for and benefits of the continuing connected transactions under the Renewed Office Lease Agreement

By entering into of the Renewed Office Lease Agreement, the Group can continue to occupy the same property for the Group's office use without incurring extra costs by renting another property through other parties.

Listing Rules implications

The expected cap amount of the transaction under the Renewed Office Lease Agreement described above will constitute the Company's continuing connected transactions under the Listing Rules after the Listing. Pursuant to Rule 14A.36(2) of the Listing Rules and as the applicable percentage ratios (other than profits ratio) as defined in Rule 14.07 of the Listing Rules and calculated with reference to the proposed annual caps each year shown above for the transaction under the Renewed Office Lease Agreement are expected to be less than 5%, and such transactions will require satisfaction of reporting and announcement requirements under Chapter 14A 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 these transactions after the Listing 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 caps of the Renewed Office Lease Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

(B) RENEWAL OF ANNUAL CAPS FOR PIPE RACKS AGREEMENTS AND FOURTH SUPPLEMENTAL PIPE RACKS AGREEMENT

Reference is made to the Prospectus in relation to the continuing connected transactions between Nanjing Dragon Crown and Nanjing CIPC. In March 2007, Nanjing Dragon Crown and Nanjing CIPC entered into the Pipe Racks Services Agreement pursuant to which Nanjing CIPC agreed to lease to the Group the pipe racks for the Acetic Acid pipelines and Methanol pipelines at the Nanjing Chemical Industry Park. The Pipe Racks Services Agreement was supplemented by (i) a supplemental agreement dated 28 September 2007, pursuant to which Nanjing CIPC agreed to lease to the Group the pipe racks for the Vinyl acetate and Acetic Anhydride pipelines at the Nanjing Chemical Industry Park; (ii) a supplemental agreement dated 12 October 2007, pursuant to which Nanjing CIPC agreed to lease to the Group the pipe racks for the Ethylene pipelines at the Nanjing Chemical Industry Park; (iii) a supplemental agreement dated June 2008, pursuant to which Nanjing

CIPC agreed to lease to the Group the pipe racks for the sub-pipelines of the Group connecting to the pipelines of Ling Tian Company (菱天公司) and Dynamic Chemical Industry Co., Ltd. (德納公司), both are Independent Third Parties and, to the best knowledge of the Directors, both are customers of Celanese; and (iv) the Fourth Supplemental Pipe Racks Agreement entered into between Nanjing Dragon Crown and Nanjing CIPC on 3 December 2012, pursuant to which Nanjing CIPC agreed to lease to the Group the pipe racks for the Ethyl Acetate and Ethanol pipelines at the Nanjing Chemical Industry Park. The Fourth Supplemental Pipe Racks Agreement shall be with effect from 1 March 2013, the Pipe Racks Services Agreements are for a period of 15 years from 15 March 2007 to 14 March 2022 and can be extended for a further five years upon expiry unless the parties thereto terminate the Pipe Racks Services Agreements.

In addition, in March 2007, Nanjing Dragon Crown and Nanjing CIPPS, a wholly-owned subsidiary of Nanjing CIPC, entered into the Security Services Agreement, pursuant to which Nanjing CIPPS agreed to provide security services for the pipe racks rented by the Group at the Nanjing Chemical Industry Park. Nanjing CIPPS shall provide security, patrol and monitor services of the Group's pipelines at the Nanjing Chemical Industry Park. The Security Services Agreement is for a period of 15 years from 15 March 2007 to 14 March 2022 and can be extended for a further five years upon expiry unless the parties thereto terminate the Pipe Racks Services Agreements.

As required by Rule 14A.35(1) of the Listing Rules, the period of the Pipe Racks Services Agreement and the Security Services Agreement must not exceed three years, except in special circumstances which are limited to cases where the nature of the transaction requires the contract to be of a duration longer than three years. Such reasons are stated below at the section headed "Reasons for and benefits of the continuing connected transactions under the Pipe Racks Agreements". As such, Nanjing Dragon Crown and Nanjing CIPC and Nanjing Dragon Crown and Nanjing CIPPS has agreed to renew the annual caps for the Pipe Racks Services Agreements and the Security Services Agreement.

The Directors (excluding the independent non-executive Directors whom will form their view after obtaining the advices from the independent financial advisers) confirm that the Fourth Supplemental Pipe Racks Agreement and the Renewed Annual Caps are agreed in arm's length terms and they are of the view that the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder are in the usual and ordinary course of business of the Group and are in the interest of the Company and its Shareholders as a whole.

Nanjing CIPC is interested in 11.39% equity interest in Nanjing Dragon Crown, which is a non-wholly owned subsidiary of the Company. Nanjing CIPC is thus a connected person of the Company solely by reason that it is a substantial shareholder of Nanjing Dragon Crown. In addition, since Nanjing CIPPS is a wholly-owned subsidiary of Nanjing CIPC, it is thus a connected person of the Company by reason that it is a wholly-owned subsidiary of Nanjing CIPC, a substantial shareholder of Nanjing Dragon Crown.

As each of Nanjing CIPC and Nanjing CIPPS is a connected person of the Company, each of the Pipe Racks Agreements will constitute a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

Nanjing CIPC is principally engaged in the investments and management of high end and innovative industries, development of public and infrastructure, the consulting services of realty development, and supply of raw materials and ancillary equipments required for production by enterprises, etc.. Nanjing CIPPS is principally engaged in landscaping project and afforestation, repair and maintenance of public utilities such as roads, pipe racks, etc. and property management, etc..

Historical/estimate transaction value

For the year ended 31 December 2011 and the ten months ended 31 October 2012, the fees paid by Nanjing Dragon Crown to Nanjing CIPC for leasing the pipe racks under the Pipe Racks Services Agreements amounted to approximately RMB7,791,000 (equivalent to approximately HK\$9,692,000) and RMB6,492,000 (equivalent to approximately HK\$8,076,000), respectively. It is estimated that the fees paid by Nanjing Dragon Crown to Nanjing CIPC for leasing the pipe racks under the Pipe Racks Services Agreement for the year ending 31 December 2012 to be amounted to approximately RMB7,791,000 (equivalent to approximately HK\$9,692,000), which will not exceed the annual cap for the Pipe Racks Services Agreements as provided in the Prospectus.

In addition, for the year ended 31 December 2011 and the ten months ended 31 October 2012, the fees paid by Nanjing Dragon Crown to Nanjing CIPPS for the security services under the Security Services Agreement amounted to approximately RMB889,000 (equivalent to approximately HK\$1,106,000) and RMB651,000 (equivalent to approximately HK\$810,000), respectively. It is estimated that the fees paid by Nanjing Dragon Crown to Nanjing CIPPS for the security services under the Security Services Agreement for the year ending 31 December 2012 to be amounted to RMB779,000 (equivalent to approximately HK\$969,000), which will not exceed the annual cap for the Security Services Agreement as provided in the Prospectus.

Annual caps

The proposed cap amounts of the fees to be payable to Nanjing CIPC for leasing the pipe racks under the Pipe Racks Services Agreements for each of the three years ending 31 December 2015 are approximately RMB10,346,000 (equivalent to approximately HK\$12,870,000); RMB11,423,000 (equivalent to approximately HK\$14,210,000); and RMB12,126,000 (equivalent to approximately HK\$15,084,000), respectively. Such proposed cap amounts are determined based on the expected increase of rental fee (subject to adjustment) under the Pipe Racks Services Agreements.

The fees payable for the pipe racks rental by the Group are principally determined by the occupied area of pipelines in the pipe racks rented to the Group by Nanjing CIPC subject to adjustment with reference to the bank lending interest rate, consumer price index, inflation, etc.. The terms offered by Nanjing CIPC to Nanjing Dragon Crown are no less favourable than those offered to other Independent Third Parties in the ordinary course of business.

The proposed cap amounts of the fees to be payable to Nanjing CIPPS for the security services under the Security Services Agreement for each of the three years ending 31 December 2015 are approximately RMB763,000 (equivalent to approximately HK\$949,000); RMB763,000 (equivalent to approximately HK\$949,000); and RMB763,000 (equivalent to approximately HK\$949,000),

respectively. Such proposed cap amounts are determined based on the expected length of pipelines which will require the provision of security services by Nanjing CIPPS and the agreed fixed rate for the provision of security services for each kilometre of pipelines.

The fees payable for the security services by the Group under the Security Services Agreement are principally determined by the length of pipe racks at a maximum of 10 kilometres which requires the provision of security services by Nanjing CIPPS. The terms offered by Nanjing CIPPS to Nanjing Dragon Crown are no less favourable than those offered to other Independent Third Parties in the ordinary course of business.

Reasons for and benefits of the continuing connected transactions under the Pipe Racks Agreements

The Company considers that the nature of the transactions under the Pipe Racks Services Agreements require the Pipe Racks Services Agreements to be of a duration of longer than three years owing to the following principal factors and reasons:

- (i) The Company has significantly invested for its terminal in Nanjing and it is one of the important competitive advantages of the Group to have dedicated pipelines connecting its terminal and its customers in the Nanjing Chemical Industry Park. Pipe racks are the essential facilities for the Group's dedicated pipelines connecting the jetties, tank farm and the destinations of the Group's customers in the Nanjing Chemical Industry Park. Dedicated pipelines together with the pipe racks are crucial facilities for the Group's operation and business expansion of business in Nanjing.
- (ii) The Celanese Contracts (as referred to in the Prospectus) entered into between the Group and Celanese are for a term of fifteen years commencing from the respective commercial operation dates, pursuant to which the Group has agreed to provide dedicated pipelines connecting the Group's terminal and Celanese's manufacturing base in Nanjing Chemical Industry Park. The Group's business with Celanese in Nanjing provides a stable and profitable business to the Group. The Pipe Racks Services Agreements for a term of 15 years mirrors the contract terms of the Celanese Contracts and ensures the Group's performance of its obligations under the Celanese Contracts; and
- (iii) Nanjing CIPC is the developer and operator of the Nanjing Chemical Industry Park, and the sole owner of the pipe racks in the Nanjing Chemical Industry Park. Prior approval from Nanjing CIPC is required for any operating activities and construction work involving the pipe racks. Therefore, it is necessary for the Group to enter into the Pipe Racks Services Agreements with Nanjing CIPC. In addition, the rental rate under the Pipe Racks Services Agreements is comparable with other rental agreement entered into with other independent rentees.

As such the annual caps of the Pipe Racks Services Agreements are further renewed for another three years until 31 December 2015.

In addition, the Company considers that the nature of the transactions under the Security Services Agreement require the Security Services Agreement to be of a duration of longer than three years owing to the following principal factors and reasons:

- (i) The Group entered into the Pipe Racks Services Agreement with Nanjing CIPC for a term of 15 years; and
- (ii) Nanjing CIPC, the parent company of Nanjing CIPPS is the sole owner of the pipe racks in the Nanjing Chemical Industry Park and prior approval from Nanjing CIPC is required for any operating activities involving the pipe racks. In order to ensure the safety and security management of the Group's pipelines at the Nanjing Chemical Industry Park, it is commercially favourable for the Group to enter into the Security Services Agreement for a duration consistent with the term of the Pipe Racks Services Agreements.

As such the annual caps of the Security Services Agreement are further renewed for another three years until 31 December 2015.

Listing Rules Implications

Pursuant to Rules 14A.25 and 14A.26 of the Listing Rules, the transactions under each of the Pipe Racks Agreements have been aggregated. Pursuant to Rule 14A.36(2) of the Listing Rules and as the expected aggregate amounts of the transactions under the Pipe Racks Agreements for each of the three years ending 31 December 2015 exceed HK\$10,000,000 and one of the percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules, where applicable and on an annual basis, exceed 5% but less than 25%. As such, the transactions under the Pipe Racks Agreements for the three years ending 31 December 2015 will constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors confirm that it is in the interests of the Company to continue with the transactions contemplated under the Pipe Racks Agreements and that such transactions are conducted on normal commercial terms or terms that are not less favourable to the Company than those available from 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 (excluding the independent non-executive Directors whom will form their view after obtaining the advices from the independent financial advisers and Independent Board Committee) are also of the view that the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

As at the date of this announcement, as Nanjing CIPC, its ultimate beneficial owners and its respective associates do not hold any Shares and to the best of Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is interested in the Pipe Racks Agreements and the Renewed Annual Caps, as such no Shareholder is required to abstain from voting on the relevant resolutions to approve the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder. Pursuant to Rule 14A.43 of the Listing Rules, the Company has obtained a written approval from the Controlling Shareholders, which are beneficially interested in an aggregate of 779,754,000 Shares, representing approximately 70.26% of the entire issued share capital of the Company as at the date of this announcement. As no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder and the said written approval has been obtained, no extraordinary general meeting will be convened for the purpose of approving the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder pursuant to Rule 14A.43 of the Listing Rules.

GENERAL

An independent board committee comprising Mr. Luo Shijie, Mr. Zhu Wujun and Mr. Lau Sik Yuen, being all independent non-executive Directors, has been formed to advise the Independent Shareholders as to the terms of the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder. Guotai Junan Capital Limited has been appointed as the independent financial advisers to the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder.

A circular containing, inter alia, (i) further information in respect of the Pipe Racks Agreements, the Renewed Annual Caps and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the independent financial advisers to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders on or before 24 December 2012 in accordance with the Listing Rules.

(C) INFORMATION OF THE GROUP

The Company is an investment holding company and the Group is principally engaged in provision of integrated terminal service, specialised in the storage and handling of liquid chemical products. DC Petrochemicals is a wholly-owned subsidiary of the Company, Nanjing Dragon Crown is an indirect non-wholly owned subsidiary of the Company and 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:

“Acetic Acid”	has the meaning ascribed to it in the Prospectus
“Acetyle Anhydride”	has the meaning ascribed to it in the Prospectus
“Board”	the board of Directors
“Celanese”	Celanese (Nanjing), Celanese Diversified and Celanese Acetyl
“Celanese Acetyl”	Celanese (Nanjing) Acetyl Derivatives Company, Ltd., a subsidiary of Celanese Corporation and an Independent Third Party
“Celanese Contracts”	has the meaning ascribed to it in the Prospectus
“Celanese Corporation”	a company incorporated under the laws of the Delaware and traded on the NYSE under the ticker symbol CE
“Celanese Diversified”	Celanese (Nanjing) Diversified Chemical Company, Ltd., a subsidiary of Celanese Corporation and an Independent Third Party
“Celanese (Nanjing)”	Celanese (Nanjing) Chemical Company Limited, a subsidiary of Celanese Corporation and an Independent Third Party
“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 person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	Mr. Ng, Lirun and Sure Port, individually and as a group of persons, together interested in an aggregate of 779,754,000 Shares, representing approximately 70.26% of the entire issued share capital of the Company

“DC Investments”	Dragon Crown Investments Limited (龍翔化工國際有限公司), a company incorporated in Hong Kong with limited liability, which is owned as to 98% and 2% by Mr. Ng and Mr. Chong Yat Chin, respectively
“DC Investments Storage Agreement”	DC Investments storage agreement dated 1 January 2010 entered into between Ningbo Ningxiang and DC Investments, pursuant to which Ningbo Ningxiang agreed to provide DC Investments with terminal and storage services for Phenol at the Group’s terminal in Ningbo
“DC Petrochemicals”	Dragon Crown Petrochemicals Terminal (Holdings) Limited (龍翔石化儲運(集團)有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Dragon Source”	Dragon Source Industrial Limited (龍翔化工有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Ethanol”	a chemical compound with the formula C_2H_6O , which is a volatile, flammable and colorless liquid
“Ethyl Acetate”	an organic compound with the formula $CH_3COOCH_2CH_3$. This colorless liquid has a characteristic sweet smell (similar to pear drops) and is used in glues, nail polish removes, decaffeinating tea and coffee, and cigarettes. It is the ester of ethanol and acetic acid. It is manufactured on a large scale for use as a solvent.
“Ethylene”	has the meaning ascribed to it in the Prospectus
“Fourth Supplemental Pipe Racks Agreement”	the fourth supplemental pipe racks agreement dated 3 December 2012 entered into between Nanjing Dragon Crown and Nanjing CIPC to add addendum to the Pipe Racks Services Agreement
“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

“Hong Kong Premises”	premises located at Unit No. 3 on the 18th Floor of Convention Plaza, Office Tower, No. 1 Harbour Road, Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising the independent non-executive Directors to advise the Independent Shareholders on the terms of the Fourth Supplemental Pipe Racks Agreement and the Renewed Annual Caps and the transactions contemplated thereunder
“Independent Shareholders”	any Shareholders other than Nanjing CIPC and Nanjing CIPPS and their respective associates who is not required to abstain from voting at the general meeting to approve the Fourth Supplemental Pipe Racks Agreement, the Renewed Annual Caps and the transactions contemplated thereunder if the general meeting were to be convened and held
“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
“Lirun”	Lirun Limited (力潤有限公司), a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Ng
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Methanol”	has the meaning ascribed to it in the Prospectus
“Mr. Ng”	Mr. Ng Wai Man, an executive Director, chairman of the Group and a Controlling Shareholder
“Nanjing Chemical Industry Park”	Nanjing Chemical Industry Park (南京化學工業園區), the largest chemical industry park in the Yangtze River Delta region, it is located at Liuhe District, northern part of Nanjing and along the northern coast of Yangtze River
“Nanjing CIPC”	Nanjing Chemical industry Park Company Limited (南京化學工業園有限公司), a company established in the PRC owned and/or controlled by the PRC government and interested in approximately 11.39% equity interests and nominated directors in Nanjing Dragon Crown

“Nanjing CIPPS”	Nanjing Chemical industry Park Public Services Company Limited (南京化學工業園公用事業有限責任公司), a company established in the PRC and which is a wholly-owned subsidiary of Nanjing CIPC
“Nanjing Dragon Crown”	Nanjing Dragon Crown Liquid Chemical Terminal Company Limited (南京龍翔液體化工儲運碼頭有限公司), a limited liability company established in the PRC on 26 April 2004, which is owned as to 88.61% and 11.39% by DC Petrochemicals and Nanjing CIPC, respectively, and an indirect non-wholly subsidiary of the Company
“Ningbo Ningxiang”	Ningbo Ningxiang Liquid Chemicals Terminal Co., Ltd. (寧波寧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 Sources and Ningbo Port Company Limited (寧波港股份有限公司)
“Ningbo FTZ Dragon Crown”	Ningbo Free Trade Zone Dragon Crown Chemical International Trade Company Ltd. (寧波保稅區龍翔化工國際貿易有限公司), a wholly-foreign owned enterprise established in the PRC, which is wholly-owned by DC Investments
“Ningbo Port”	Ningbo Port Company Limited (寧波港股份有限公司), a company established in the PRC owned and/or controlled by the PRC government and except for its 40% equity interests and nominated directors in Ningbo Ningxiang and Ningbo Xinxiang Liquid Chemical Store Co. Ltd, an Independent Third Party
“Ningbo Storage Agreement”	Ningbo storage agreement dated 3 December 2012 entered into between Ningbo Ningxiang and Ningbo FTZ Dragon Crown, pursuant to which Ningbo Ningxiang agreed to provide Ningbo FTZ Dragon Crown with terminal and storage services at the Group’s terminal in Ningbo
“Office Lease Agreement”	the office lease agreement dated 12 November 2010 entered into between DC Investments as landlord and DC Petrochemicals as tenant in respect of the premises located at Unit No.3 on the 18th Floor of Convention Plaza, Office Tower, No.1 Harbour Road, Hong Kong
“Phenol”	has the meaning ascribed to it in the Prospectus

“Phenol Storage Agreement”	Phenol storage agreement dated 19 April 2011 entered into between Nanjing Dragon Crown and DC Investments, pursuant to which Nanjing Dragon Crown agreed to provide DC Investments with terminal and storage services for Phenol at the terminal of Nanjing Dragon Crown
“Pipe Racks Agreements”	collectively, the Pipe Racks Services Agreements and the Security Services Agreement
“Pipe Racks Services Agreement”	the pipe racks services agreement dated March 2007 entered into between Nanjing Dragon Crown and Nanjing CIPC pursuant to which Nanjing CIPC agreed to lease to the Group the pipe racks for the Acetic Acid pipelines and Methanol pipelines at the Nanjing Chemical Industry Park
“Pipe Racks Services Agreements”	the Pipe Racks Services Agreement and each of its four supplemental agreements
“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
“Prospectus”	the prospectus of the Company dated 30 May 2011, containing, inter alia, the continuing connected transactions of the Company
“Renewed Annual Caps”	the annual caps for the Pipe Racks Services Agreements and the Security Services Agreement
“Renewed Office Lease Agreement”	renewed the office lease agreement dated 3 December 2012 entered into between DC Investments as landlord and DC Petrochemicals as tenant in respect of the premises located at Unit No.3 on the 18th Floor of Convention Plaza, Office Tower, No.1 Harbour Road, Hong Kong
“Renewed Phenol Storage Agreement”	renewed Phenol storage agreement dated 3 December 2012 entered into between Nanjing Dragon Crown and DC Investments, pursuant to which Nanjing Dragon Crown agreed to provide DC Investments with terminal and storage services for Phenol at the terminal of Nanjing Dragon Crown
“Renewed Related Party Terminal Service Agreements”	collectively, the Renewed Phenol Storage Agreement and the Ningbo Storage Agreement

“RMB”	Renminbi, the lawful currency of the PRC
“Security Services Agreement”	a security services agreement entered into between Nanjing Dragon Crown and Nanjing CIPPS in March 2007, pursuant to which Nanjing CIPPS agreed to provide security services for the pipe racks rented by the Group at the Nanjing Chemical Industry Park
“Share(s)”	ordinary share(s) with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sure Port”	Sure Port Investments Limited (港順投資有限公司), a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Ng
“Vinyl acetate”	has the meaning ascribed to it in the Prospectus
“%”	per cent.

For the purpose of this announcement, conversion of RMB into HK\$ is calculated at the conversion rate of HK\$1.00 to RMB0.8039. 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

Hong Kong, 3 December 2012

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

*Please also refer to the published version of this announcement on the Company’s website:
www.dragoncrown.com.*