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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)**

## **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – 2018 NINGBO STORAGE AGREEMENT**

### **2018 Ningbo Storage Agreement (Renewed)**

Reference is made to the announcements of the Company dated 3 December 2012, 16 July 2013, 27 October 2014 and 25 January 2016 in relation to certain continuing connected transactions between the Group and certain connected persons of the Company. On 28 December 2018 (after trading hours), Ningbo Ningxiang entered into the 2018 Ningbo Storage Agreement (Renewed). As the annual caps for the 2018 Ningbo Storage Agreement (Renewed) are 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 2018 Ningbo Storage Agreement (Renewed) receivable by Ningbo Ningxiang are less than 5%, the transactions contemplated under the 2018 Ningbo Storage Agreement (Renewed) are subject to reporting, announcement and annual review requirements but exempt from shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

### **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcements of the Company dated 3 December 2012, 16 July 2013, 27 October 2014 and 25 January 2016 (the “**Announcements**”) in relation to certain continuing connected transactions between the Group and certain connected persons of the Company. On 28 December 2018 (after trading hours), the Company entered into the 2018 Ningbo Storage Agreement (Renewed).

### **Ningbo Storage Agreement and 2016 Ningbo Storage Agreement (Renewed)**

On 3 December 2012, Ningbo Ningxiang and Ningbo FTZ Dragon Crown 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 for the three years ended 31 December 2015.

On 25 January 2016, Ningbo Ningxiang and Ningbo FTZ Dragon Crown entered into the 2016 Ningbo Storage Agreement (Renewed), pursuant to which Ningbo Ningxiang agreed to provide Ningbo FTZ Dragon Crown with terminal and storage services at the Group's terminal in Ningbo for the period of three years from 1 January 2016 to 31 December 2018.

### **2018 Ningbo Storage Agreement (Renewed)**

On 28 December 2018 (after trading hours), Ningbo Ningxiang and Ningbo FTZ Dragon Crown entered into the 2018 Ningbo Storage Agreement (Renewed), 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 2018 Ningbo Storage Agreement (Renewed) is for the period of three years from 1 January 2019 to 31 December 2021.

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 and as to 2% by Mr. Chong Yat Chin, a Director. 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 transactions contemplated under the 2018 Ningbo Storage Agreement (Renewed) will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules. As each of Mr. Ng and Mr. Chong Yat Chin has an indirect and material interest in the proposed transaction, they have abstained from voting on the relevant board resolutions approving the 2018 Ningbo Storage Agreement (Renewed) and the transactions contemplated thereunder.

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. The price will be negotiated and agreed between both parties with reference to the market price and the management will take into account the price range charged by other service providers for the same services within the port. This is to ensure that 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 three years ended 31 December 2017 and the period from 1 January 2018 to 14 December 2018, the fees received by Ningbo Ningxiang for the provision of terminal and storage services under the 2016 Ningbo Storage Agreement (Renewed) at the Group's terminal in Ningbo amounted to approximately RMB5,234,000 (equivalent to approximately HK\$5,885,000), RMB8,192,000 (equivalent to approximately HK\$9,210,000), RMB8,156,000 (equivalent to approximately HK\$9,170,000) and RMB8,403,000 (equivalent to approximately HK\$9,447,000), respectively. Such fees did not exceed the annual caps for the 2016 Ningbo Storage Agreement (Renewed) as provided in the Announcements.

## **Annual caps**

The proposed cap amounts of the fees to be payable to the Group for the provision of services under the 2018 Ningbo Storage Agreement (Renewed) for each of the three years ending 31 December 2021 are RMB9,586,000 (equivalent to approximately HK\$10,778,000), RMB10,065,000 (equivalent to approximately HK\$11,316,000) and RMB10,568,000 (equivalent to approximately HK\$11,882,000), respectively.

Such proposed cap amounts are determined based on (i) the actual quantity of liquid chemical products handled by the Group during the three years ended 31 December 2017 and the period from 1 January 2018 to 14 December 2018; (ii) the expected quantity of liquid chemical products to be handled by the Group during the three years ending 31 December 2021; and (iii) the expected price to be charged by the Group during the three years ending 31 December 2021 for the handling and storage services.

## **Reasons for and benefits of the continuing connected transactions under the 2018 Ningbo Storage Agreement (Renewed)**

By entering into of the 2018 Ningbo Storage Agreement (Renewed), the Group can continue to secure for a long-term and constant income source and maximise the contribution from the terminal and storage services at the Group's terminal in Ningbo.

## **Listing Rules Implications**

As the annual caps for the 2018 Ningbo Storage Agreement (Renewed) are 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 2018 Ningbo Storage Agreement (Renewed) receivable by Ningbo Ningxiang are less than 5%, the transactions contemplated under the 2018 Ningbo Storage Agreement (Renewed) 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 2018 Ningbo Storage Agreement (Renewed) 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 2018 Ningbo Storage Agreement (Renewed) are fair and reasonable and in the interests of the 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:

“2016 Ningbo Storage Agreement (Renewed)”	renewed storage agreement dated 25 January 2016 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 for the period from 1 January 2016 to 31 December 2018, details of which are set out in the Announcements
“2018 Ningbo Storage Agreement (Renewed)”	renewed storage agreement dated 28 December 2018 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 for the period from 1 January 2019 to 31 December 2021
“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
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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
“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
“Mr. Ng”	Mr. Ng Wai Man, an executive director, chairman and chief executive officer of the Group and a Controlling Shareholder
“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-owned foreign enterprise established in the PRC, which is wholly-owned by DC Investments
“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
“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 Storage Agreement”	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, details of which are set out in the Announcements
“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\$1.1243. 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, 28 December 2018

*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.*