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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)

**REVISION OF ANNUAL CAP FOR
2020 NINGBO PORT LOADING, DISCHARGING
AND STORAGE AGREEMENT (RENEWED)**

REVISION OF ANNUAL CAP FOR 2020 NINGBO PORT LOADING, DISCHARGING AND STORAGE AGREEMENT (RENEWED)

Reference is made to the Announcement in relation to, among other matters, the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed).

The Board expects that the Existing Annual Cap for the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) for the year ending 31 December 2021 will be insufficient, and therefore the Board has resolved to revise the annual cap from RMB5,000,000 (equivalent to approximately HK\$6,012,000) to RMB9,800,000 (equivalent to approximately HK\$11,784,000) for the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) for the year ending 31 December 2021.

LISTING RULES IMPLICATIONS

As the Revised Annual Cap for the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) 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 Revised Annual Cap are less than 5%, the transactions contemplated under the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) with the Revised Annual Cap are subject to reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under the Rule 14A.76(2) of the Listing Rules.

REVISION OF ANNUAL CAP OF 2020 NINGBO PORT LOADING, DISCHARGING AND STORAGE AGREEMENT (RENEWED)

Reference is made to the announcement of the Company dated 29 December 2020 (the “**Announcement**”) in relation to, among other matters, the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed). Capitalised terms used herein, unless otherwise defined, shall have the same meaning as those stated in the Announcement.

Pursuant to the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed), Ningbo Zhenhai, a connected person of the Company, agreed to provide Ningbo Ningxiang, a subsidiary of the Company, with loading, discharging and storage services at the terminal in Ningbo for the period from 1 January 2021 to 31 December 2021. Please refer to the Announcement for the details of the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed).

As notified by Ningbo Zhenhai, due to the internal corporate restructuring of Ningbo Port, Ningbo Zhen Hai Gang Bu Company Limited* (寧波鎮海港埠有限公司) (“**Ningbo Zhenhai New Co**”), a PRC company newly established and wholly owned by Ningbo Port, has been assigned with all the service obligations previously carried out by Ningbo Zhenhai, a branch company of Ningbo Port, under the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) with effect from 1 May 2021. 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 New Co, being a wholly-owned subsidiary of Ningbo Port, is also considered as a connected person of the Company. Pursuant to the business license of Ningbo Zhenhai New Co, it carries out the following principal business related to the operations at the terminal in Ningbo including, among others, the development, operation and management of terminal; loading and discharging, storage, packaging of goods at port; import and export of goods; import and export of technologies; repairment of cargo containers; repairment of ships. Taking into account the above, the Board is of the view that the assignment of services as stated above would not cause any change in respect of implications under the Listing Rules, and the same is not likely to cause any impact to the on-going performance under the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed).

The Board expects that the existing annual cap under the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) for the year ending 31 December 2021 will be insufficient, and therefore the Board has resolved to revise the annual cap from RMB5,000,000 (equivalent to approximately HK\$6,012,000) (the “**Existing Annual Cap**”) to RMB9,800,000 (equivalent to approximately HK\$11,784,000) (the “**Revised Annual Cap**”).

The Revised Annual Cap under the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) are determined with reference to, among other things, the following factors:

- (i) the historical transaction amount for the services provided by Ningbo Zhenhai and Ningbo Zhenhai New Co;
- (ii) the increase in the quantity of the liquid chemical products handled by Ningbo Zhenhai and Ningbo Zhenhai New Co;
- (iii) the period for the storage of the liquid chemical products at the terminal in Ningbo which are handled by Ningbo Zhenhai and Ningbo Zhenhai New Co; and
- (iv) the expected growth of the Group's business, and in particular the demand for loading, discharging and storage services at the terminal in Ningbo.

Set out below are the historical amounts for the service fees paid by the Group to Ningbo Zhenhai (including the service fees paid to Ningbo Zhenhai New Co subsequent to 1 May 2021) for the years ended 31 December 2019 and 2020 and the six months ended 30 June 2021:

	Historical amounts (RMB)		
For the year ended 31 December 2019	For the year ended 31 December 2020	For the six months ended 30 June 2021	
	3,278,000	3,095,000	3,622,000

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAP

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 adopting the Revised Annual Cap for the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed), the Group can continue to secure a constant supply of loading, discharging and storage services at the terminal in Ningbo to meet the increasing demand for such services from its customers.

LISTING RULES IMPLICATIONS

As the Revised Annual Cap for the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) 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 Revised Annual Cap are less than 5%, the transactions contemplated under the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) with the Revised Annual Cap are subject to reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under the Rule 14A.76(2) of the Listing Rules.

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 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) with the Revised Annual Cap and that such transactions are conducted on normal commercial terms or terms that are not less favorable 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 Revised Annual Cap for the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) 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 liquid petrochemical terminal and storage services in the PRC. Ningbo Ningxiang is an indirect jointly controlled entity of the Company.

For the purpose of this announcement, conversion of RMB into HK\$ is calculated at the conversion rate of RMB1.00 to HK\$1.2024. 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.

** The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

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

Hong Kong, 5 July 2021

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. HOU Xiaoming and Mr. LAU Sik Yuen.