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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 –  
2021 NINGBO PORT LOADING, DISCHARGING  
AND STORAGE AGREEMENT**

**2021 Ningbo Port Loading, Discharging and Storage Agreement**

On 31 December 2021 (after trading hours), Ningbo Ningxiang and Ningbo Zhenhai entered into the 2021 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 1 January 2022 to 30 June 2022. As the annual cap for the 2021 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 2021 Ningbo Port Loading, Discharging and Storage Agreement payable by Ningbo Ningxiang are less than 5%, the transactions contemplated under the 2021 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.

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcements of the Company dated 29 December 2020 and 5 July 2021 in relation to, among other matters, the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed). On 31 December 2021 (after trading hours), Ningbo Ningxiang and Ningbo Zhenhai entered into the 2021 Ningbo Port Loading, Discharging and Storage Agreement.

## **2021 Ningbo Port Loading, Discharging and Storage Agreement**

On 31 December 2021 (after trading hours), Ningbo Ningxiang and Ningbo Zhenhai entered into the 2021 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. The term of the 2021 Ningbo Port Loading, Discharging and Storage Agreement is for the period from 1 January 2022 to 30 June 2022. Subject to availability of storage facilities maintained by Ningbo Zhenhai as at 30 June 2022 and parties' subsequent commercial negotiation, term of the 2021 Ningbo Port Loading, Discharging and Storage Agreement may be extended to 31 December 2022. The Company will keep its shareholders and the potential investors informed of any material development by way of further announcement(s) as and when appropriate in accordance with the Listing Rules.

Following group restructuring of Ningbo Port, Ningbo Zhenhai became substantial shareholder of Ningbo Ningxiang and Ningbo Xinxiang, owning 40% equity interests in each of 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 Zhenhai, being a substantial shareholder of subsidiaries of the Company, is considered as a connected person of the Company under the Listing Rules. Pursuant to the business license of Ningbo Zhenhai, 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. Ningbo Zhenhai is a wholly-owned subsidiary of Ningbo Port.

As Ningbo Zhenhai is a connected person of the Company, the transactions contemplated under the 2021 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 2021 Ningbo Port Loading, Discharging and Storage Agreement and the transactions contemplated thereunder.

### **The basis of pricing**

The Group shall pay Ningbo Zhenhai for its services provided under the 2021 Ningbo Port Loading, Discharging and Storage Agreement in the following manner:

- (i) Tank storage fee: RMB0.50/cubic meter per day for 12,700 cubic meter of tank capacity reserved exclusively for the Group, payable by the Group in lump sum payment of RMB570,000 per quarter. If the tank capacity is exceeded, extra unit price of RMB5.00/ton for each 5-day cycle of tank storage will be payable by the Group.
- (ii) Methanol handling fee: unit price of RMB6.00/ton of methanol handled by tank pooling operation.

(iii) Other services fees will be negotiated and agreed between both parties with reference to the market price of such services.

The fees payable by the Group to Ningbo Zhenhai for the services provided under the 2021 Ningbo Port Loading, Discharging and Storage Agreement are principally determined by (i) the quantity of the liquid chemical products handled and stored by Ningbo Zhenhai; and (ii) the period for the storage of the liquid chemical products at the terminal in Ningbo. The Group also considered the following factors in order of priority before the determination of the fees payable by the Group to Ningbo Zhenhai under the 2021 Ningbo Port Loading, Discharging and Storage Agreement:

1. Similar to Ningbo Zhenhai, Ningbo Ningxiang also 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 suppliers of liquid chemical terminal and storage services to meet the demand from its customers from time to time. The Group would ensure that the price payable by the Group to Ningbo Zhenhai under the 2021 Ningbo Port Loading, Discharging and Storage Agreement is more favorable than the price offered by Ningbo Ningxiang to its customers for the provision of liquid chemical terminal and storage services with an acceptable profit margin.
2. By obtaining quotations from not less than two Independent Third Parties suppliers of liquid chemical terminal and storage services at the terminals in Ningbo in the ordinary and usual course of business, the Group would ensure that the price payable by the Group to Ningbo Zhenhai under the 2021 Ningbo Port Loading, Discharging and Storage Agreement is no less favorable than the market prices.

The Directors believe that such procedures can ensure that the transactions contemplated by the 2021 Ningbo Port Loading, Discharging and Storage Agreement will be conducted on normal commercial terms (including the prices) or on terms no less favorable than those offered by Independent Third Parties.

### **Historical transaction value**

For the three years ended 31 December 2020 and the period from 1 January 2021 to 15 December 2021, the fees paid by Ningbo Ningxiang to Ningbo Zhenhai (including to its predecessor, Ningbo Zhenhai Branch Co) for the provision of loading, discharging and storage services at the terminal in Ningbo amounted to approximately RMB2,431,000 (equivalent to approximately HK\$2,975,000), RMB3,278,000 (equivalent to approximately HK\$4,011,000), RMB3,095,000 (equivalent to approximately HK\$3,787,000) and RMB6,191,000 (equivalent to approximately HK\$7,575,000), respectively. The fees paid by Ningbo Ningxiang to Ningbo Zhenhai (including to its predecessor, Ningbo Zhenhai Branch Co) for the period from 1 January 2021 to 15 December 2021 did not exceed the annual cap for the 2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed) as provided in the announcement of the Company dated 29 December 2020 which was revised in the announcement of the Company dated 5 July 2021.

## **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 2021 Ningbo Port Loading, Discharging and Storage Agreement for the year ending 31 December 2022 is RMB5,000,000 (equivalent to approximately HK\$6,118,000).

Such proposed cap amount is determined based on (i) the actual quantity of liquid chemical products handled by Ningbo Zhenhai (including by its predecessor, Ningbo Zhenhai Branch Co) during the three years ended 31 December 2020 and the period from 1 January 2021 to 15 December 2021; (ii) the expected quantity of liquid chemical products to be handled by Ningbo Zhenhai during the year ending 31 December 2022; and (iii) the expected price to be charged by Ningbo Zhenhai during the year ending 31 December 2022 for the loading, discharging and storage services.

## **Reasons for and benefits of the continuing connected transactions under the 2021 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 2021 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 2021 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 2021 Ningbo Port Loading, Discharging and Storage Agreement payable by Ningbo Ningxiang are less than 5%, the transactions contemplated under the 2021 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 2021 Ningbo Port Loading, Discharging and Storage Agreement 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 annual cap of the 2021 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:

“2021 Ningbo Port Loading, Discharging and Storage Agreement”	loading, discharging and storage agreement dated 31 December 2021 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 1 January 2022 to 30 June 2022
“2020 Ningbo Port Loading, Discharging and Storage Agreement (Renewed)”	loading, discharging and storage agreement dated 29 December 2020 entered into between Ningbo Ningxiang and Ningbo Zhenhai Branch Co, pursuant to which Ningbo Zhenhai Branch Co agreed to provide Ningbo Ningxiang with loading, discharging and storage services at the terminal in Ningbo for the period from 1 January 2021 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
“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 Zhenhai, respectively
“Ningbo Port”	Ningbo Zhoushan Port Company Limited (寧波舟山港股份有限公司), a company established in the PRC owned and/or controlled by the PRC government
“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 Zhen Hai Gang Bu Company Limited (寧波鎮海港埠有限公司), a PRC company wholly owned by Ningbo Port
“Ningbo Zhenhai Branch Co”	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 RMB1.0000 to HK\$1.2236. 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 of  
**DRAGON CROWN GROUP HOLDINGS LIMITED**  
**Ng Wai Man**  
*Chairman & Chief Executive Officer*

Hong Kong, 31 December 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.*